



RISECOMM

瑞斯康

Risecomm Group Holdings Limited

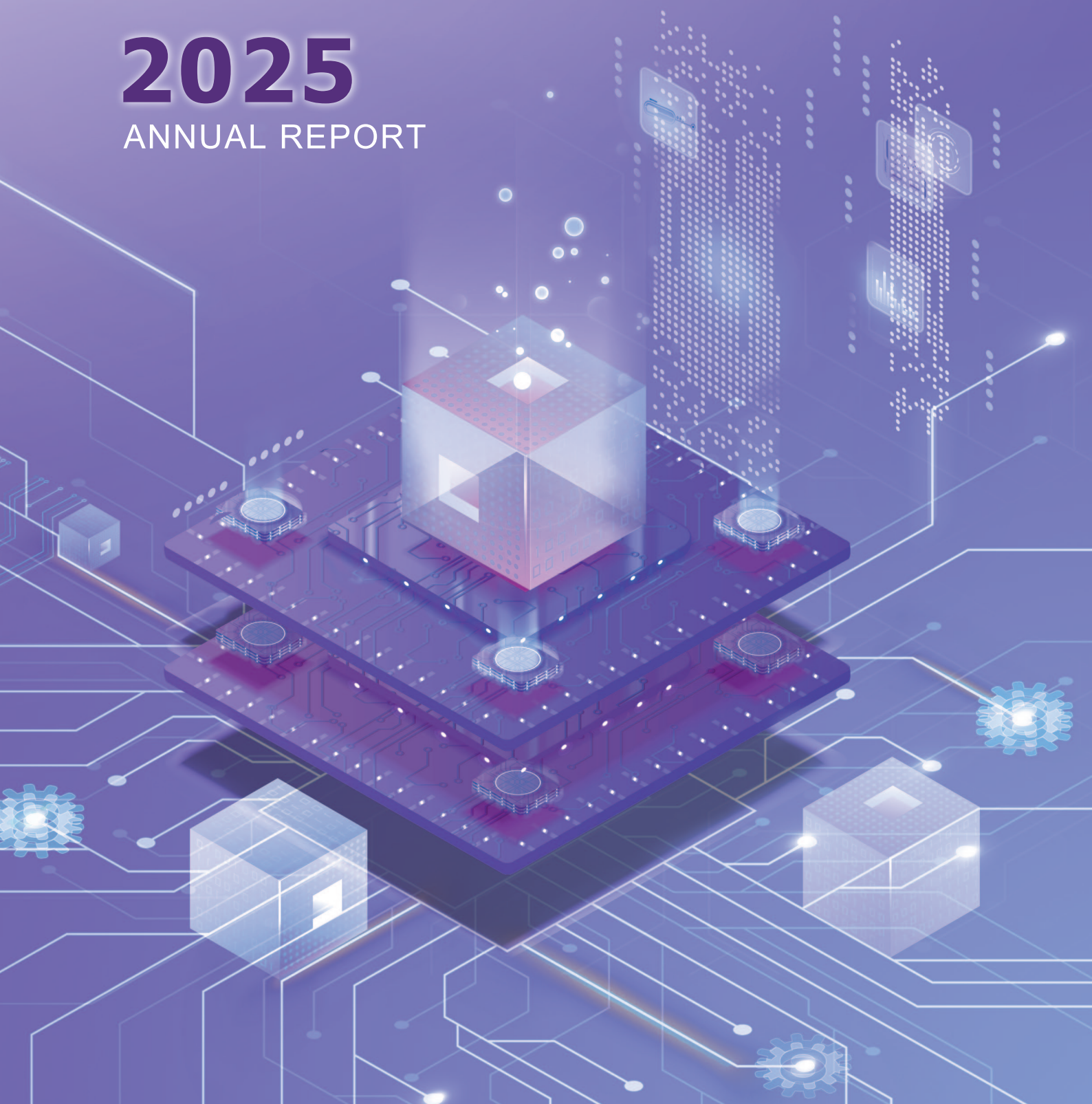
瑞斯康集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1679

2025

ANNUAL REPORT



RISECOMM GROUP

PRODUCT ASSEMBLY HUBS



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ms. Zhao Luyi (*Chairman*)
Mr. Jiang Feng (*resigned on 24 October 2025*)
Mr. Tsang Wah Tak, Brian
Ms. Ye Bailing (*appointed on 28 October 2025*)

NON-EXECUTIVE DIRECTORS

Mr. Yu Lu
Mr. Ding Zhigang (*resigned on 6 January 2026*)
Ms. Guo Lei

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Victor Yang
Ms. Lo Wan Man
Mr. Zou Heqiang

COMPANY SECRETARY

Ms. Chau Hing Ling

AUTHORIZED REPRESENTATIVES

(for the purpose of the Listing Rules)

Ms. Zhao Luyi
Ms. Chau Hing Ling

AUDIT COMMITTEE

Ms. Lo Wan Man (*Chairman*)
Mr. Zou Heqiang
Mr. Victor Yang

NOMINATION COMMITTEE

Ms. Lo Wan Man (*Chairman*)
Ms. Zhao Luyi
Mr. Victor Yang

REMUNERATION COMMITTEE

Mr. Victor Yang (*Chairman*)
Ms. Lo Wan Man
Ms. Zhao Luyi

PRINCIPAL BANKERS

In Hong Kong:
Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

In the People's Republic of China (the "PRC"):
Bank of China Limited
China Merchants Bank

AUDITOR

Rongcheng (Hong Kong) CPA Limited
Units 4301-07
Cosco Tower
183 Queen's Road Central
Central
Hong Kong

LEGAL ADVISER

ONC Lawyers
(As to Hong Kong Law)

CORPORATE INFORMATION

REGISTERED OFFICE

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Cayman Islands

COMPANY WEBSITE

www.risecomm.com.cn

STOCK CODE

1679

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Cosco Tower
183 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

CHAIRMAN'S STATEMENT

TO THE SHAREHOLDERS

On behalf of the board (the **"Board"**) of directors (the **"Directors"**) of Risecomm Group Holdings Limited (the **"Company"** together with its subsidiaries, the **"Group"**), I hereby present the annual report of the Company for the year ended 31 December 2025 (**"year under review"**).

The Group is principally engaged in the design, development and sale of power line communication (**"PLC"**) products as well as the provision of relevant maintenance services in connection with the deployment and upgrades of automated meter reading (**"AMR"**) systems by power grid companies in the PRC and for a wide range of applications related to energy saving and environmental protection. The PLC products of the Group are mainly used in the Electric Energy Data Acquisition System of the State Smart Grid, which is an important support for power big data. The Group is also engaged in the sales of software license, production safety products, construction contracts as well as the provision of software post-contract customer support services in connection with the smart manufacturing & industrial automation (**"SMIA"**) applied in the area of maintenance and safety integrity system in the petroleum and petrochemicals industry.

In the past year of 2025, the global economy failed to rebound swiftly, with the road to recovery remaining fraught with challenges. Persistent international political turmoil, including armed conflicts in certain regions, further exacerbated the energy crisis. Throughout this year, the global economy remained sluggish. Even as the PRC fully resumed normalized operations, its progress was unstable, and the business environment remained far from optimistic. Despite the uncertain economic outlook, the Group pursued steady progress through innovation, striving to enhance corporate resilience. On one hand, we consolidated business development, unlocked latent value in existing operations, and strictly controlled capital expenditures. On the other hand, we expanded renewable energy initiatives, reduced leverage, and delivered stable returns to shareholders.

Looking back at 2025, the Group's annual operating income rose steadily, and for the year ended 31 December 2025, both revenue and profit were solid. The results demonstrated the Group's excellent abilities in cost control and operation. Adjusted loss and adjusted net loss margin both improved significantly, and synergies across business segments were evident, laying a solid foundation for the Group's sustainable development in the future.

At the technology and market level, with the emergence of a large number of distributed wind and solar power generators, electric vehicle charging piles, energy storage equipment and other two-way loads, the local quantitative IoT operating environment is becoming increasingly complex. The expansion of network scale and the improvement of real-time business requirements have raised higher standards for equipment communication rate, time delay and reliability. State Grid has been accelerating the formulation of new technology standards. The new generation of smart meters will continue to be promoted, coupled with the older generation will continue to be updated, and the construction of new power systems will lead to the replacement of more energy meters. The number of smart meter tenders is expected to maintain a steady growth momentum in the future, which will in turn drive the growth in demand for PLC modules.

The Group is actively expanding its market share in smart city lighting, smart air conditioning and integrated energy management systems and terminal products. The market for PLC technology is expected to maintain a good development trend in the next few years, which is expected to promote the sales of various products of the Group, especially in the field of maintenance and safety integrity systems in the petroleum and petrochemical industries which continue to expand its market scope, bringing more opportunities to the Group.

CHAIRMAN'S STATEMENT

The main competitors in China's wind power operation and maintenance services market include wind power equipment manufacturers, wind farm owners (developers) and third-party operation and maintenance companies. The equipment manufacturers hold the core technology of wind power equipment. In recent years, major manufacturers in China have also paid more attention to operation and maintenance services, and are committed to providing overall solutions to strengthen its competitive advantage. Wind farm owners (developers) mainly invest in wind farms and continuously expand the scale of installed capacity, with strong advantages in aspects such as capital, resources, and scale. The third-party wind power operation and maintenance companies focus on maintenance and status analysis of wind turbine equipment, with advantages such as flexible service models. However, there are also areas of improvement, such as inconsistent technical levels and service quality. The existing projects of the Company are in smooth progress. The Group closely monitors market dynamics and adjusts our operation promptly, and maintains close communication with the owners to ensure the normal operation of their assets to the greatest extent possible.

However, we clearly recognized that the road ahead is still full of challenges and uncertainties. The Group's forward-looking statements are not assured to be fully realized and actual developments may differ from expectations. Shareholders of the Company (the "**Shareholders**") and potential investors are reminded to exercise caution when making investment decisions and not to place undue reliance on the information disclosed in this report. If in doubt, it is advisable to seek professional advice.

Looking ahead, the Group will continue to be prudent, and maintain a lean-cost strategy to reduce operating expenses in order to cope with future risks and pressure. In addition, the Group is persistently enhancing its corporate governance in all aspects of the Group's operations by continuously leveraging its competitive advantages in a bid to preserve values for the Shareholders.

Lastly, on behalf of the Board and the management, I wish to extend my sincere appreciation to all the staff of the Group for their tireless dedication and tremendous contribution during the year, and to also express my thanks to all Shareholders, investors, customers, suppliers and business partners for their ongoing support to the Group.

Zhao Luyi

Chairman and Executive Director

Hong Kong, 27 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

With the evolution of intelligentization, informatization, and digitalization of power grids, broadband power line communication (PLC) technology has seen widespread adoption and rapid advancement. Since 2018, State Grid Corporation of China ("**State Grid**") has proactively pursued a forward-looking strategy, vigorously promoting the construction of residential electricity information collection systems based on broadband high-speed power line communication (HPLC). This initiative has significantly enhanced data collection efficiency and real-time capabilities.

China continues to advance the construction of a new power system based on new energy. The National Energy Administration has released the "2025 Energy Work Guidance Opinions" to promote high-quality development in the energy sector. Implementing a new energy security strategy with higher standards, the document provides comprehensive planning for energy structure adjustment, supply assurance, and green transformation. High-quality energy development and high-level security will support the sustained recovery and positive momentum of China's economy. State Grid has launched the "Three-Year Action Plan for Broadband Dual-Mode Communication Technology Coverage Across All Regions," aiming to achieve over 95% dual-mode communication coverage for electricity information collection systems by the end of 2026. The plan also calls for comprehensive application of this technology in distribution automation and microgrid management. China Southern Power Grid released the "Three-Year Action Plan for Digital Power Grid Construction (2025-2027)," prioritizing digital upgrades of distribution networks and the development of multi-energy complementary smart energy platforms. Broadband dual-mode communication technology is designated as standard equipment for distribution network terminals. These measures aim to provide safer and more reliable energy security in support of China's modernization drive. Key future goals include improving energy efficiency, implementing green development strategies for the power industry, deepening power sector reforms, building a sustainable modern power system, and advancing smart grid technologies in transmission, generation, and power supply services.

Currently, broadband PLC technology has been widely applied in multiple domains of the State Grid, including distribution automation, smart grids, home networks, and multimedia communications. It serves functions such as data transmission, remote control, monitoring, and management. With the growing demand for multi-scenario application integration in smart grids, State Grid has introduced a HPLC+HRF dual-channel technology, which combines PLC and wireless communication, to achieve dual-mode automatic complementary networking. This addresses higher performance demand for communication speed, real-time responsiveness, data capacity, and transmission distance of the new power systems. Standardization, field trials, and laboratory verification for the dual-mode technology has been completed. Over the next 3-5 years starting from 2024, all bidding for State Grid's electricity information collection systems will require broadband dual-mode communication products.

China Southern Power Grid is accelerating its digital transformation, enhancing smart transmission, distribution, and consumption infrastructure, and promoting multi-energy complementary smart energy systems. Through the digital and intelligent development of the power grids, China Southern Power Grid aims to enhance service intelligence and fully improve the sense of fulfillment for users. Since the second bidding round in November 2024, its smart grid electricity information collection system has been fully upgraded to the broadband dual-mode communication technology standards.

In 2025, State Grid requires approximately 80 million broadband dual-mode communication modules for electricity information collection systems, low-voltage distribution networks, and measurement switches, while China Southern Power Grid demands over 20 million modules for low-voltage meter reading systems, representing a 30% increase compared to those of 2024.

According to the 2026 Tender and Procurement Programme for Electricity Meters (Including Electricity Consumption Information Gathering) for Marketing Projects announced by State Grid, there are three batches of public bidding throughout the year, and it is predicted that the demand for State Grid broadband dual-mode communication modules in 2026 will exceed 90 million.

MANAGEMENT DISCUSSION AND ANALYSIS

China's wind turbines were mainly provided with a two-year warranty before 2010 and a three-to-five-year warranty thereafter. During the period from 2006 to 2010, with the rapid development of the domestic wind power industry, a large number of wind turbines were put into operation, and most of these wind turbines are now in post-warranty stage. With the rapid development of the wind power industry, there has been a large number of post-warranty equipment which require maintenance, repair or upgrade of operating environment in wind farms, such needs have given rise to the emergence of the wind farm operation and maintenance services industry. In recent years, there has been a relatively rapid development of the WFOM services market in the PRC, with compound annual growth rate of 18.83% in demand from 2016 to 2024.

The main competitors in China's WFOM services market include wind power equipment manufacturers, wind farm owners (developers) and third-party operation and maintenance companies. The equipment manufacturers hold the core technology of wind power equipment. In recent years, major manufacturers in China have also paid more attention to operation and maintenance services, and are committed to providing overall solutions to strengthen their competitive advantage. Wind farm owners (developers) mainly invest in wind farms and continuously expand the scale of installed capacity, with strong advantages in aspects such as capital, resources, and scale. The third-party wind power operation and maintenance companies focus on maintenance and status analysis of wind turbine equipment, with advantages such as flexible service models. However, there are also areas of improvement, such as inconsistent technical levels and service quality. The existing projects of the Company are in smooth progress. The Group closely monitors market dynamics and adjusts our operation and maintenance mode promptly, and maintains close communication with wind farm owners to ensure the normal operation of their assets to the greatest extent possible.

On the other hand, the Group's Smart Manufacturing & Industrial Automation ("**SMIA**") business segment has been continuing in exploring the field of industrial automation systems by leveraging its core technology competency, particularly in the area of maintenance and safety integrity system ("**MSI**") for the petroleum and petrochemicals industry.

In the face of the current global manufacturing industry's transformation towards digitalization, networking and intelligence, there has been a continuous increase in policy support for the intelligent manufacturing industry in the PRC. The "14th Five-Year Plan for Development of Smart Manufacturing" ("十四五"智慧製造發展規劃) puts forward a number of development targets for 2025, including achieving fundamental digitization and network transformation of 70% of large-scale manufacturing enterprises, establishing more than 500 smart manufacturing demonstration factories, and formulating over 200 national industry standards. By 2035, the plan envisages the "comprehensive and general digitization and network transformation of large-scale manufacturing enterprises" as well as the "fundamental smart conversion of key industry backbone enterprises." In the future, rapid industrial development will promote the continuous expansion of the market scale of the intelligent manufacturing industry, bringing abundant opportunities to the Group.

BUSINESS REVIEW

Looking back at 2025, the global economy navigated forward under pressure amid multiple challenges. Although global inflationary pressures eased compared to previous years, the global economy still faced multiple uncertainties, including geopolitical conflicts, heightened trade barriers, and monetary policy adjustments. During the year, the Group consistently adhered to a prudent and flexible business strategy, closely monitoring market shifts and gaining in-depth insights into industry trends. We systematically advanced our business layout while maintaining risk levels under control. The Group also continuously strengthened its refined management approach, comprehensively enhancing overall operational efficiency through ongoing optimization of business processes and cost structures, thereby ensuring the stable operation of our capital chain.

Facing a complex and volatile macroeconomic environment, the Group continues to adhere to a prudent business philosophy, continuously optimizing its operational strategies to address market challenges. During the year, the Group remained committed to refining its capital management practices. By enhancing capital operation efficiency and precisely controlling the pace of capital deployment and recovery cycles, the Group ensured that key financial metrics, including trade receivables, trade payables and inventory turnover rates, remained at healthy levels. Furthermore, the Group rigorously implemented scientific financial management systems, striving to minimize funding costs and maximize capital returns. Through continuous optimization of debt structures and prudent planning, the Group proactively repaid certain borrowings ahead of schedule based on the assessment of sufficient and stable cash flows. This effectively improved overall debt levels, further reduced financial costs, and reserved greater financial flexibility for subsequent business development, laying a solid foundation for the Group's long-term stable growth.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, the Group's operations were divided into the following three major segments:

- the Group operated in AMR and other business, where the Group sold PLC products such as PLC integrated circuits ("IC"), modules and devices such as connectors and concentrators. The Group had been developing PLC IC with proprietary IC designs and advanced PLC technologies for the deployment of AMR systems by the State Grid. In addition, the Group also provided maintenance services on AMR systems on a project-by-project basis;
- SMIA business, where the Group offered software licenses, production safety products as well as the provision of software post-contract customer support services applied in the area of MSI for the petroleum and petrochemicals industry; and
- WFOM business.

As at 31 December 2025, the Group held a significant intellectual property portfolio, comprising 23 patents, 137 computer software copyrights and 9 IC layout designs registered, signifying the Group's achievements in research and development in PLC technology and MSI for the petroleum and petrochemicals industry. The Group's AMR obtained its new ISO14001:2015 Environmental Management System Certification.

FINANCIAL REVIEW

Revenue

Revenue decreased from approximately RMB122.3 million in 2024 to approximately RMB92.5 million for the year under review, or by approximately 24.3%. The decrease was attributable to the decrease in revenue of approximately 46.5% from the SMIA business segment and the decrease in contribution of revenue of approximately 41.5% from the AMR segment.

Revenue from the AMR and other related business segment decreased by approximately 41.5% to approximately RMB39.2 million (2024: approximately RMB67.1 million) as compared with that in 2024. The decrease was mainly due to the significant decrease in maintenance service as compared to last year.

Revenue from the SMIA segment decreased by approximately 46.5% to approximately RMB16.0 million (2024: approximately RMB29.8 million) as compared with that in 2024. The revenue of the SMIA business segment decreased as the Group is currently in the process of testing new technologies. New contracts with customers can only be signed upon the successful development and validation of these technologies.

The Group is now offering WFOM services in China, which was approximately RMB37.4 million in 2025 (2024: approximately RMB25.4 million). WFOM services could contribute to the Group about approximately 40.4% (2024: approximately 20.8%) revenue and this will become a new business turbine in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit

Gross profit increased by approximately 32.0% to approximately RMB48.9 million for the year under review from approximately RMB37.1 million in 2024.

Gross profit margin was approximately 52.9% for the year under review and increased by approximately 22.6% as compared with approximately 30.3% in 2024. The increase in gross profit margin was mainly attributable to the increase in gross profit margin by approximately 51.9% of the WFOM segment and the increase in gross profit margin by approximately 24.2% of the AMR segment.

Gross profit margin of the WFOM services was approximately 74.2% for the year under review as compared with approximately 71.9% in 2024. The increase in gross profit margin was mainly attributable to the increased operation and maintenance business as compare to last year.

Gross profit margin of the SMIA business segment was approximately 55.1% for the year under review as compared with approximately 29.5% in 2024. The increase in gross profit margin was mainly attributable to the increase in proportion of revenue from software license products which earned a relatively higher gross profit margin than that of other products or service lines.

Other income, gains & losses, net

Other losses of approximately RMB0.13 million was recognized during the year under review (2024: other losses of approximately RMB12.2 million). The increase in other income was mainly attributable to due to exchange rate differences of approximately RMB4.0 million and the write-off of a loan of approximately RMB2.7 million in 2025, and the impairment of prepayment of approximately RMB15.2 million in 2024.

Allowance for impairment loss on intangible assets, prepayment and property, plant and equipment, net

Allowance for impairment loss on intangible assets, net of approximately of RMB5.1 million (2024: Nil), allowance for impairment loss on property, plant and equipment, net of approximately of RMB0.09 million (2024: Nil), and allowance of prepayment, net of approximately of RMBNil (2024: RMB15.0 million) were recognized during the year ended review. The decrease was mainly due to the revaluation of prepayment in 2025.

Selling and marketing expenses

Selling and marketing expenses decreased by approximately 11.1% to approximately RMB17.9 million for the year under review from approximately RMB20.1 million in 2024. The decrease was mainly attributable to a relative decline in sales due to the impact of external factors.

General and administrative expenses

General and administrative expenses decreased by approximately 16.4% to approximately RMB34.6 million for the year under review from approximately RMB41.4 million in 2024. The AMR and other business segment decreased by approximately 24.4% from approximately RMB25.4 million in 2024 to approximately RMB19.2 million. The slight decrease was primary attribute to compensation expenses of approximately RMB10.2 million happened in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Research and development expenses

Research and development expenses decreased by approximately 63.8% to approximately RMB8.2 million for the year under review from approximately RMB22.6 million in 2024. The decrease was mainly attributable to the contracted development expenses, R&D material costs and inspection costs were cut to the group reorganization.

Finance costs

Finance costs decreased by approximately 25.8% to approximately RMB8.2 million for the year under review from approximately RMB11.1 million in 2024. The decrease was mainly attributable to the repayment of interest expenses on certain bank and other borrowings with the use of proceeds from the Rights Issue (as defined below).

Income tax expense

Income tax expense of approximately RMB4.5 million was recorded during the year under review (2024: income tax expenses of approximately RMB1.3 million). The income tax expense for the year under review mainly comprised of deferred tax expense which was mainly attributable to the derecognition of deferred tax assets to which future taxable profits were deemed insufficient for offsetting, as the financial performance of the Group continued to record loss in the year under review and projection of future financial performance had been tuned down accordingly.

Loss Attributable to Equity Shareholders of the Company

As a result of the above factors, the Company recorded a loss attributable to equity shareholders of the Company for the year under review of approximately RMB23.7 million (2024: loss attributable to equity shareholders of the Company of approximately RMB73.5 million).

Liquidity and Financial Resources

During the year under review, the Group's operations were mainly financed by (i) internal resources, including but not limited to existing cash and cash equivalents, cash flow generated from operating activities; (ii) net proceeds generated from the listing of shares ("**Shares**") of the Company (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on 9 June 2017; (iii) net proceeds generated from the Subscriptions (as defined below) of new shares under general mandate completed in June 2023 and July 2023; (iv) net proceeds generated from the Rights Issue; and (v) borrowings. The Board believes that the Group's liquidity needs will be satisfied.

As of 31 December 2025, the Group's current assets amounted to approximately RMB99.1 million (as of 31 December 2024: approximately RMB108.1 million), with cash and cash equivalents totaling approximately RMB17.0 million (as of 31 December 2024: approximately RMB15.2 million). The cash and cash equivalents of the Group are principally held in RMB, HK\$ and USD.

As of 31 December 2025, the Group's total interest-bearing liabilities amounted to approximately RMB179.0 million (as of 31 December 2024: approximately RMB247.1 million), representing borrowings and lease liabilities. The Group had interest-bearing liabilities of approximately RMB179.0 million (as of 31 December 2024: approximately RMB247.1 million), out of which approximately RMB190.2 million (as of 31 December 2024: approximately RMB190.2 million) which will be due repayable within one year and after one year respectively with coupon rates ranging from 0% to 5% per annum. The interest-bearing liabilities were principally denominated in RMB, HK\$ and USD. The net debt-to-equity ratio (referred as to the gearing ratio: which is calculated by interest-bearing liabilities less cash and cash equivalents divided by total equity) was approximately -303% as of 31 December 2025 (as of 31 December 2024: -208%).

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors are actively seeking new way of development and opportunities, and will make further investments, rights issues or equity financing arrangement in the future to reduce the current debt of the Company and explore business opportunities.

DISCLAIMER OF OPINION

As disclosed in the “Disclaimer of Opinion” section of the Independent Auditor’s Report as set out on pages 91 to 93 of this report, Rongcheng (Hong Kong) CPA Limited, the auditor of the Company (the “**Auditor**”), does not express an opinion on the consolidated financial statements of the Group, because of the significance of the matters described in the “Basis for Disclaimer of Opinion” section of the Independent Auditor’s Report. The Auditor is unable to form an opinion as to whether the going concern basis of preparation of the consolidated financial statements of the Group is appropriate. The following is an excerpt from the Independent Auditor’s Report:

Basis for Disclaimer of Opinion

Material uncertainties relating to going concern

As set out in note 2 to the consolidated financial statements, the Group incurred a net loss of approximately RMB23,654,000 during the year ended 31 December 2025 and, as of that date, the Group had net current liabilities and net liabilities of approximately RMB18,842,000 and approximately RMB54,187,000, respectively.

As at 31 December 2025, the Group had total borrowings of approximately RMB179,049,000, of which RMB39,020,000 were recorded under current liabilities, while the Group had bank and cash balances of approximately RMB17,009,000. As stated in note 2, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern.

As set out in note 2 to the consolidated financial statements, the going concern basis of account preparation was based on assumptions and measures that the directors of the Company have been undertaking to improve the Group’s liquidity and financial position including (i) successful implementation of cost control measures and business plans to improve the Group’s operating results and cash flows; (ii) successful negotiation with the lenders for extension of repayment date of the other borrowings amounting to RMB29,806,000 due by December 2026; and (iii) successful obtaining new sources of financial resources as and when needed. The validity of the going concern assumptions on which the consolidated financial statements of the Group have been prepared depends on the outcome of these plans and measures.

Given the execution of the plans and measures by the Group is in progress and no written contractual agreements or other documentary supporting evidence from the relevant counterparties are available to the Group as at the date of approval for the issuance of the consolidated financial statements of the Group for extending the going concern assessment, the Auditor was unable to obtain sufficient appropriate audit evidence that it considered necessary to assess the likelihood of success of the plans and measures currently undertaken by the Group. There were no other satisfactory audit procedures that it could adopt to satisfy ourselves regarding the appropriateness of the directors’ use of the going concern basis of accounting and adequacy of the related disclosures in the consolidated financial statements of the Group.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group’s assets, including goodwill, property, plant and equipment, intangible assets not yet ready for use, and right-of-use assets to their recoverable amounts, to reclassify non-current assets as current assets, and to reclassify non-current liabilities as current liabilities. The effects of these adjustments, could be both material and pervasive, have not been reflected in the consolidated financial statements of the Group.

Details of the Disclaimer of Opinion and the relevant plans and measures proposed by the Directors are disclosed in the Independent Auditor’s Report of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Additional Information in relation to the Disclaimer of Opinion

1. Management's Position and View

The management of the Company (the "**Management**") has assessed the Group's liquidity, financial position, and available funding sources to evaluate its ability to continue as a going concern. To address liquidity pressures and strengthen financial stability, the following plans and measures have been and will continue to be implemented:

- (i) The Company completed the rights issue in October 2025, which has improved its cash flow position obviously;
- (ii) The Group has been actively negotiating with the relevant lenders for the extension of repayment date of the existing borrowings amounted to RMB29,806,000 due by December 2026;
- (iii) The Group will continue to implement operational plans to control costs and generate sufficient operating cash flows to meet its current and future obligations. These actions include cost control measures and timely collection of outstanding receivables;
- (iv) The Group has been actively implemented measures to speed up the collection of substantial payments from customers; and
- (v) The Group considers to obtain additional funds by equity financing and bank loan facilities including but not limited to the possibility of capitalization of loans from shareholders and major creditors.

The Disclaimer of Opinion issued by the auditor was primarily attributable to temporary limitations in obtaining sufficient audit evidences regarding (i) the pending written approval and execution of the loan extension agreements, and (ii) the successful execution of the shareholder's loan agreements, including the fund injection to the Group, to substantiate the feasibility and likelihood of successful implementation of the relevant plans and measures proposed for the remediation to mitigate the Group's current liquidity pressures and financial constraints, thereby enabling the Group to continue as a going concern in the foreseeable future. In the absence of such supporting documentation and evidence, the Auditor was unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the assumption of going concern as the basis of accounting in preparing the consolidated financial statements for the year ended 31 December 2025, which resulted in the issue of the Disclaimer of Opinion.

The Management acknowledges and understands the basis of the difference in assessment between the Management and the Auditor as to the Group's ability to operate as a going concern, and the Management remains confident in the Company's ability to successfully implement the proposed plans and measures and to operate the Group as a going concern. The Management therefore holds a different view from the auditor. Subject to the successful implementation of the aforesaid measures, the Management expects the conditions leading to the Disclaimer of Opinion will be resolved in the financial year ending 31 December 2026 by the successful implementation of the above plans.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Audit Committee's View

The Audit Committee had reviewed the circumstances underlying the Disclaimer of Opinion concerning the going concern assumption.

Following the discussion with both the Auditor and the Management, the Audit Committee is of the view that the Disclaimer of Opinion primarily resulted from the limitations in audit evidences available to support the going concern assessment by the Auditor, with no material disagreements between the Auditor and the Management regarding the accounting treatments.

The Audit Committee agreed with the Management's position on the basis that:

- (i) it has assessed the feasibility of the Management's plans and measures to address the liquidity pressures and strengthen financial stability, which the Audit Committee considers as an appropriate framework to address the potential loan default, secure the necessary financing, and enhance the Group's cash flow stability;
- (ii) the cash flow position has been improved after the completion of the rights issue in October 2025; and
- (iii) after reviewing the cash flow projections of the Group prepared by the Board for the next eighteen months from the date of approval for the consolidated financial statements for the year ended 31 December 2025 and taking into account of the plans and measures being implemented by the management, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the next eighteen months from the date of approval for the consolidated financial statements and hence the consolidated financial statements have been prepared on a going concern basis for the year ended 31 December 2025.

3. Company's action plan to address the going concern issue

The details of the Group's plans and measures to resolve the going concern issue are as follows:

- (i) The Group is in progress to implement cost control measures and business plans to improve the Group's operating cashflows. For the forecast period from 1 January 2026 to 30 June 2027, the forecast operating cash outflow is approximately RMB6.8 million in light of the cost control measures.

The Company has further assessed the monthly operating cashflows and evaluated whether the Group's bank and cash balances would be sufficient to support its operations.

- (ii) A substantial shareholder of the Company has agreed in writing to provide sufficient fundings to the Group by way of a shareholder's loan with the payment schedule to be determined by mutual agreement based on the Company's actual repayment obligations. Such arrangement is expected to facilitate the full payment of RMB20 million due in September 2026, and the full payment of RMB10 million due in April 2027.
- (iii) The Group is also considering the possibility of capitalization of the current outstanding loans.

MANAGEMENT DISCUSSION AND ANALYSIS

- (iv) According to the cash flow forecast, cash shortfalls are expected in March 2026 and December 2026.

Month of cashflow Shortfall months	Shortfall amount	Proposed Remediation	Remediation amount
March 2026	RMB10.3 million	Debt financing from bank (2 years borrowings)	RMB10.26 million
December 2026	RMB29 million	Extension of borrowing	RMB29 million

As shown in the above table, the Company intends to obtain financing from bank for RMB10.26 million and by extension of borrowing for RMB29 million to satisfy the projected funding requirements for March 2026 and December 2026, respectively. While these contemplated plans remain in the negotiation phase, no written agreement has been entered into to finalize these contemplated actions as of the date of this report.

The Management maintains the view that such plans and measures, if implemented successfully, will effectively mitigate the Group's liquidity pressure and improve its financial position. Consequently, the Group anticipates that these actions will provide the necessary basis to resolve the accounting uncertainties underlying the Disclaimer of Opinion.

4. View of the Board on the effectiveness of the Company's action plan

The Board noted that the Group is in the progress of implementing plans and measures to settle the issues arising from default on loan repayment, secure the necessary financing and enhance its cash flow position. The Board is of the view that such plans and measures, if implemented successfully, will effectively mitigate the Group's liquidity pressure and improve its financial position and thereby resolve the audit issues underlying the Disclaimer of Opinion. The capitalization of shareholder loan/creditor loan are considered to improve the cashflow status and lower the level of liabilities.

Exchange Rate Risk

Most of the businesses of the Group are settled in RMB while businesses in foreign currencies are mainly settled in HK\$ or USD. The fluctuation of exchange rate of the currencies will have certain impact on the Group's business which are settled in foreign currencies. During the year under review, the Group did not enter into any foreign exchange forward contracts or other hedging instruments to hedge against fluctuations. The foreign currency risk is managed and monitored on an on-going basis by senior management of the Group.

Capital Commitments

As of 31 December 2025, the Group had no capital commitment contracted for but not yet incurred (as of 31 December 2024: RMBNil).

Capital Structure

On 17 June 2025, the Board proposed to (i) implement the share consolidation on the basis that every five issued and unissued shares of the Company of par value of HK\$0.001 each be consolidated into one consolidated share (the **"Consolidated Share"**) of HK\$0.005 each (the **"Share Consolidation"**); (ii) increase the authorised share capital of the Company to HK\$1,000,000 divided into 200,000,000 Consolidated Shares (the **"Increase in Authorised Share Capital"**) with par value of HK\$0.005 each, of which 51,145,772 Consolidated Shares have been issued and are fully paid or credited as fully paid; and (iii) subject to the Share Consolidation and the Increase in Authorised Share Capital becoming effective, rights issue on the basis of five rights shares for every one Consolidated Share held by the qualifying shareholders on the record date at a subscription price of HK\$0.5 per rights share (the **"Rights Issue"**).

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to an extraordinary general meeting on 15 August 2025, the Share Consolidation, Increase in Authorised Share Capital and the Rights Issue have been duly passed by the shareholders by way of poll.

The Share Consolidation and the Increase in Authorised Share Capital have taken effect on 18 August 2025. The Company's authorised share capital has been increased, after the Share Consolidation, from HK\$1,000,000 divided into 1,000,000,000 shares with par value of HK\$0.001 each to HK\$1,000,000 divided into 200,000,000 Consolidated Shares with par value of HK\$0.005 each, and after the Increase in Authorised Share Capital, from HK\$1,000,000 divided into 200,000,000 Consolidated Shares with par value of HK\$0.005 each to HK\$5,000,000 divided into 1,000,000,000 Consolidated Shares by the creation of an additional 800,000,000 new Consolidated Shares.

On 21 October 2025, the Company completed the Rights Issue and on 22 October 2025, the Company issued 164,668,068 rights shares of HK\$0.005 each at a subscription price of HK\$0.5 per rights share on the basis of five rights shares for every one Consolidated Share held by the qualifying shareholders on the record date, raising approximately HK\$82.33 million before expenses (or approximately HK\$80.44 million after deducting all relevant expenses).

For further details, please refer to the announcements of the Company dated 17 June 2025, 9 July 2025, 15 August 2025, 19 September 2025, 21 October 2025 and 6 November 2025, the circular of the Company dated 22 July 2025 and the prospectus of the Company regarding the Rights Issue dated 28 August 2025.

As at 31 December 2025, the Company's issued share capital was HK\$1,079,069 divided into 215,813,840 shares of HK\$0.005 each.

Contingent Liabilities

As at 31 December 2025, the Group had no contingent liabilities (as at 31 December 2024: nil).

Charge on assets

As at 31 December 2025 and 2024, the entire issued shares of two subsidiaries of the Company, namely Risecomm Co. Ltd., and Risecomm (HK) Technology Co. Limited, have been pledged as security for other borrowings of approximately RMB108.4 million (as at 31 December 2024: approximately RMB111.1 million).

During the year ended 31 December 2025, the Group entered into two set-off arrangements, whereby other borrowings amounting to approximately RMB9,316,000 were offset against loan receivables totalling RMB8,500,000.

As at 31 December 2024 and 2025, the total borrowings include other borrowing of RMB60,000,000, which were drawn down for financing the acquisition of Zhongyi (BVI) International Limited ("**Zhongyi (BVI)**"). If the Group fails to acquire Zhongyi (BVI), the lenders have the right to request immediate repayment in full together with any accrued interest. After the acquisition of Zhongyi (BVI) and as at 31 December 2025, the equity interest of Zhongyi (BVI) is pledged to secure the said borrowing of RMB60,000,000.

As at 31 December 2025, trade receivables of approximately RMB1,561,000 (2024: approximately RMB2,197,000) and no future trade receivables was pledged to secure a bank loan amounting to RMBNil (2024: approximately RMB1,082,000).

Saved as disclosed, the Group had no other charge on assets as at 31 December 2025 (as at 31 December 2024: nil).

Significant investments

During the year under review, the Group did not hold any material investments.

MANAGEMENT DISCUSSION AND ANALYSIS

Material Acquisition and Disposal of Subsidiaries and Associated Companies

During the year under review, there was no material acquisition or disposal of subsidiaries or associated companies.

Future Plans for Material Investments or Capital Assets

The Group did not have any future plan for material investments or capital assets as at 31 December 2025.

Remuneration Policies, Bonus and Share schemes and Training schemes

The Group recruited and promoted individual persons according to their capabilities and development potential. The Group determined the remuneration packages of all employees including the Directors with reference to individual performance and prevailing market salary scale.

PROSPECTS

Looking ahead to 2026, the global economy faces both opportunities and challenges. While intensifying downside risks dominate the economic outlook, uncertainties such as a rebound in effective tariff rates, heightened policy uncertainty, and geopolitical tensions may further exacerbate market volatility. However, with inflationary pressures easing broadly worldwide and the front-loading effect on imports and exports proving stronger than anticipated, fresh growth momentum is expected to be unleashed for consumption and investment, thereby sustaining economic resilience.

According to the latest World Economic Outlook released by the International Monetary Fund (IMF), global economic growth is projected to reach 3.0% in 2025 and 3.1% in 2026, representing an upward revision from the forecasts in the April 2025 World Economic Outlook. Global overall inflation rate is projected to decline to 4.2% in 2025 and 3.6% in 2026, following a trajectory similar to that forecast in April.

Despite facing dual pressures from external uncertainties and internal structural adjustments, China's economy is poised to maintain its steady yet progressive trajectory in the latter half of the year, underpinned by long-term accumulated momentum for high-quality development and proactive macroeconomic policies. Concurrently, the nation's strategic initiatives in power generation, new energy, and energy storage will continue to inject robust impetus into industrial advancement. The Group maintains a cautiously optimistic outlook on the industry's prospects and will fully capitalize on policy opportunities and market potential. Through dual-track drivers of technological innovation and business expansion, the Group will continuously enhance core competitiveness and consolidate the foundations for high-quality development.

Against the backdrop of deepening power sector reforms and establishing a new power system centered on new energy, the entire chain of electricity generation, transmission and consumption presents both opportunities and challenges.

State Grid's fixed-asset investment during the 15th Five-Year Plan period (2026-2030) will reach RMB4 trillion, representing a 40% increase over the 14th Five-Year Plan period, with an annual investment scale of RMB800 billion. China Southern Power Grid's investment scale for 2026 stands at RMB180 billion, projected to reach approximately RMB1 trillion during the 15th Five-Year Plan period. The total investment of the two major power grids will approach RMB5 trillion over the next five years, providing robust financial backing for the construction of the new power system.

MANAGEMENT DISCUSSION AND ANALYSIS

The National Development and Reform Commission and the National Energy Administration have issued the Guiding Opinions on Promoting High-Quality Development of the Power Grid (《關於促進電網高質量發展的指導意見》), which outlined that by 2030, China's new power grid platform will be preliminarily established, supporting new energy generation to account for approximately 30% of total output. The grid's capacity to integrate distributed new energy will reach 900 million kilowatts, supporting over 40 million charging infrastructure units. Concurrently, the Guiding Opinions propose strengthening the coordinated development of main grid networks, distribution grids, and smart microgrids to enhance the grid's resource allocation capabilities, safety capacity, and new energy integration capacity.

Regarding smart meters, from 2025 onwards, State Grid will roll out new-generation smart meters supporting edge computing and dual-mode communication in bulk. These meters will possess local data analysis and autonomous decision-making capabilities, with coverage expected to exceed 80% by 2026. Investment in distribution networks will also continue to increase. Between 2025 and 2026, the proportion of distribution network investment by State Grid and China Southern Power Grid will rise to over 65%, with a focus on digital terminals, dual-mode communication modules, and microgrid control systems.

With the promotion and application of broadband dual-mode communication technology by State Grid and China Southern Power Grid, this technology has been extensively deployed in terminal products such as power information collection systems, low-voltage distribution networks and measurement switches. It plays a vital role in enhancing the intelligence of power grids, achieving interconnectivity between equipment, and enabling intelligent control and management.

Under the dual-carbon strategy, the power sector is accelerating its transformation through the integration of power Internet of Things (IoT) technology and the grid connection of new energy sources. Power IoT technology enables real-time monitoring of grid equipment, fault early warning, and intelligent dispatch functions, enhancing grid operational efficiency and safety. It will also achieve deep integration with sectors such as smart homes and smart cities. The accelerated development of photovoltaic and wind power has enabled large-scale grid integration of new energy. The emergence of numerous distributed wind and solar power generators, electric vehicle charging piles, energy storage equipment and other two-way loads has increasingly complicated the local IoT operational environment for metering equipment. This places higher demands on equipment communication speed, delay and reliability. The power grid is of paramount importance in ensuring the reliability of power supply and operational safety. In constructing the new power systems, grid enterprises must intensify technological innovation and equipment investment to elevate grid intelligence and regulatory capabilities. The rollout of next-generation smart meters, replacement of legacy meters, and new meter installations under the new power system framework will sustain robust growth in smart meter tenders, which will in turn drive the growth in demand for the PLC modules.

In 2026, State Grid and China Southern Power Grid will continue to prioritize investment in broadband dual-mode communication technology for power information collection systems, alongside the large-scale deployment of terminals such as low-voltage distribution networks and metering switches. This will bolster the resilience of the 'last mile' communications and enhance data transmission efficiency within the new power system. The Group is promoting its broadband dual-mode communication products (including chips and modules) to more network provincial markets to further expand the competitiveness of the Group's broadband dual-mode communication products in the domestic market.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company will focus on the broadband dual-mode communication market, keeping its technologies updated, and actively participating in the development and marketing of broadband dual-mode products (including chips and modules) by State Grid, China Southern Power Grid and other provincial network companies. At the same time, founding on the research and development of its broadband or broadband dual-mode communication technology, the Company is actively promoting itself in more application markets including power grid low-voltage distribution network, measurement switch, and power Internet of Things market.

The application of the Company's broadband and broadband dual-mode communication chips and communication modules will be set around smart power distribution, smart power consumption, smart microgrids and comprehensive power application requirement, and will also cover collection and application of power consumption information, photovoltaic or energy storage, industrial enterprises and parks and other energy management fields. The Company adopts broadband or broadband dual-mode integrated communication solutions, combined with edge computing technology, to develop a series of intelligent products adapted to the energy internet, and provides a variety of intelligent energy internet solutions for smart grids and integrated energy.

In addition, the Company is expanding its market in smart city lighting, smart air conditioning and integrated energy management systems and terminal products. With the national government's promotion of smart grid and smart city construction, support for energy conservation and emission reduction, promotion of new energy, and the expanding overseas smart meter market under the development of the "Belt and Road Initiative", the market for PLC technology is expected to maintain a good development trend in the next few years.

The Group is planning to form strategic alliances and collaborations with internationally renowned system integrators to expand its SMIA business segment. This will enable the provision of value-added solutions in engineering programming and digital engineering design, alongside industrial control system cybersecurity software solutions, to existing and potential clients. Through in-depth strategic cooperation and technical exchange, the Group aims to enhance the expertise in smart factory integrated solutions for petroleum refining and pipeline construction. At the same time, the Group will utilize its own research and development resources to cooperate with external companies to further develop its own intellectual property rights on the smart factory application interface and visual integrated management platform as well as the integration of the online and core applications on the big data collaboration platform. Such intellectual property will strengthen the Group's core competitiveness while leveraging the Group's PLC technology. The Group will also explore new business investment opportunities in due course to enhance shareholder value. By pursuing these new business opportunities, the Group believes it will maintain a more diversified growth in the market in the long run.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Zhao Luyi (趙露憶) (“Ms. Zhao”), aged 38, was appointed as an executive Director and the chairman of the Board on 28 June 2024. She is also a member of Remuneration Committee and Nomination Committee of the Company. Ms. Zhao possesses rich experience in investment and management. From 2009 to 2012, Ms. Zhao was a project manager in EV Capital Pte. Ltd., which was engaged in management consultancy services and corporate finance advisory services in Singapore. From 2012 to 2014, Ms. Zhao was the investment director of Shanghai Halo Capital, which was engaged in investment fund management and advisory services. Since 2014, Ms. Zhao acted as an executive director of Ho Hau Financial Leasing (Shanghai) Co. Limited (和厚融資租賃(上海)有限公司). Since 2015, she also acted as an executive director of Shanghai IHOME Investment Development Co. Limited (上海愛弘投資發展有限公司). Ms. Zhao has a master degree in finance.

On 28 June 2024, Ms. Zhao was appointed as a director of each of Risecomm HK, Risecomm HK Technology, Old Cayman, Harvest Year Global Limited and Prime Key Holdings Limited, and as a general manager of Risecomm (HK), subsequent to the resignation of Ms. Guo from such positions on the same day. Ms. Zhao obtained the legal advice required under Rule 3.09D of the listing rules and she confirmed that she understood her obligations as a director of a listed issuer in Hong Kong.

Save as disclosed above, Ms. Zhao does not hold any position with the other members of the Group. She did not hold any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Tsang Wah Tak, Brian (曾華德) (“Mr. Tsang”), aged 42, was appointed as an executive Director on 28 June 2024. Mr. Tsang possesses over 15 years of experience in the fields of insurance, financial services and management. From 2008 to 2011, Mr. Tsang worked as financial advisor in CBS Insurance Inc. He further acted as financial advisor for Affinity Financial Services Inc. since 2012. He is also currently an executive director of Enrich Developments which is engaged in real estate development in Canada. Mr. Tsang achieved a qualifying member of the Million Dollar Round Table from 2014 to 2016, and became a member of the Top of the Table in 2021. Mr. Tsang is a licensed person authorized by the Insurance Council of British Columbia to carry on insurance business.

Save as disclosed above, Mr. Tsang does not hold any position with the other members of the Group. He did not hold any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

As of 31 December 2025, Mr. Tsang was interested in certain Shares. Please refer to the section headed “Directors’ and Chief Executives’ Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation” in this report for further details.

Ye Bailing (葉百靈) (“Ms. Ye”), aged 41, has over 15 years of experience in business management and development. From October 2007 to June 2013, Ms. Ye joined Nanjing Guoyuan Machinery Parts Co., Ltd.* (南京國源機械配件有限公司) as a business officer primarily responsible for assisting project managers and sales managers in business information management and liaising with clients. From July 2013 to May 2018, Ms. Ye served as a business manager of Nanjing Anweis Transmission Technology Co., Ltd.* (南京安維士傳動技術股份有限公司) primarily responsible for formulating marketing strategic and sales plans, analysing market information and managing client relationships. Since May 2018, Ms. Ye served as a deputy general manager of Jiangsu Guoyuan New Energy Technology Group Co., Ltd.* (江蘇國源新能源科技集團有限公司) primarily responsible for overall planning, execution, monitoring and evaluation of projects, managing daily operations of new projects and establishing strategic relationships with clients.

Ms. Ye obtained her degree of bachelor of management in financial management from Nanjing University in April 2010. She was awarded the certificate of electricity carbon trading training (電碳交易培訓證書) by the China Institute of Energy Economics (中國能源經濟研究院) in October 2022.

As of 31 December 2025, Ms. Ye was interested in certain Shares. Please refer to the section headed “Directors’ and Chief Executives’ Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation” in this report for further details.

* For identification purposes only

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Yu Lu (于路) ("Mr. Yu"), aged 63, was appointed as a non-executive Director on 9 September 2021. Mr. Yu obtained a bachelor of Arts degree in English from Beijing Union University (北京聯合大學) in July 1988 and obtained an Executive Master's degree of Business Administration (EMBA) from Nankai University (南開大學) in December 2012. Mr. Yu has worked in Tianjin Precious Metals Exchange Co., Ltd. since 2008 and has been its vice-chairman since 2013. He has extensive experience in the areas of investment and financial services.

Save as disclosed above, Mr. Yu does not hold any position with the other members of the Group. He did not hold any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

As of 31 December 2025, Mr. Yu was interested in certain Shares. Please refer to the section headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" in this report for further details.

Guo Lei (郭磊) ("Ms. Guo"), aged 58, was appointed as an executive Director and the chairman of the Board on 5 June 2023. She was re-designated as a non-executive Director and ceased to be the chairman of the Board on 28 June 2024.

From September 2023 to June 2024, Ms. Guo was a director of Risecomm Microelectronics (Shenzhen) Co., Ltd. ("**Risecomm WFOE**"), Risecomm (HK) Technology Co. Limited ("**Risecomm HK Technology**"), Risecomm Co. Ltd. ("**Old Cayman**"), Harvest Year Global Limited, Prime Key Holdings Limited and was a general manager of Risecomm (HK) Holding Co. Limited ("**Risecomm HK**"). From January 2024 to June 2024, she was a director of Shangyi (BVI) International Limited; from March 2024 to June 2024, she was a director of Zhongyi (BVI) International Limited; and from April 2024 to June 2024, she was a director of Zhongyi (Hong Kong) International Limited.

Ms. Guo obtained a bachelor degree in philosophy and a master degree in business administration from Nanjing University (南京大學) in July 1989 and March 2001, respectively.

Ms. Guo obtained a qualification of senior economist issued by the Personnel Department of Jiangsu Province in December 2001. Ms. Guo possesses rich experience in the new energy industry. From 2005 to 2006, Ms. Guo was the deputy general manager of Jiangsu New Energy Development Co., Ltd.* (江蘇省新能源開發股份有限公司) ("**Jiangsu New Energy**"), a company listed on the Shanghai Stock Exchange (stock code: 603693), she then became the general manager of the company since 2007. From 2015 to 2021, she was appointed as the general manager and chairman of Jiangsu New Energy. From 2021 to 2022, Ms. Guo acted as an external director of Jiangsu Guoxin Group* (江蘇省國信集團).

Save as disclosed above, Ms. Guo does not hold any position with the other members of the Group. She did not hold any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

* For identification purposes only

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Victor Yang (楊岳明) ("Mr. Yang"), aged 80, has been appointed as the independent non-executive Director on 5 June 2023. In addition, Mr. Yang is also the chairman of remuneration committee of the Company, a member of audit committee and nomination committee of the Company.

Mr. Yang obtained a Juris Doctorate degree from University of British Columbia in Canada in May 1970. Mr. Yang obtained his bachelor degree in commerce from University of British Columbia in Canada in November 1972. Mr. Yang has over 50 years of experience in legal practice primarily in the areas of corporate finance, commercial law, mergers, acquisitions and private wealth. Mr. Yang is a qualified lawyer in Hong Kong, British Columbia, Canada and the United Kingdom. Mr. Yang is presently a governor of the Canadian Chambers of Commerce in Hong Kong. He is also a member of the University of British Columbia, Canada, Dean of Law's Council of Advisors, since 2010.

Mr. Yang was one of the founders of Boughton Peterson Yang Anderson ("BPYA") and served as a managing partner from July 1996 to March 2015. Mr. Yang's partnership was continued under the name of Zhong Lun Law Firms in March 2015, when BPYA changed its name to Zhong Lun Law Firm, and he continues to be a managing partner till March 2017 and remained as a partner till June 2019. In June 2019, Mr. Yang joined Yang Chan & Jamison LLP, a member firm of the Deloitte Legal network, as a managing partner until February 2023. After resigning from Yang Chan & Jamison LLP by the end of February 2023, Mr. Yang set up a new law firm Yang & Yang Solicitors LLP. (now known as YYC Legal LLP) which commenced business on 14 April 2023.

From January 2007 to August 2015, Mr. Yang was an independent non-executive director of China Agri-Industries Holdings Limited (stock code: 606), a company previously listed on the Stock Exchange. From July 2007 to August 2019, Mr. Yang was an independent non-executive director of Playmates Toys Limited (stock code: 869), a company listed on the Stock Exchange, primarily engaged in design, development, and distribution of toys and family products. From April 2008 to July 2019, Mr. Yang was an independent non-executive director of Singamas Container Holdings Limited (stock code: 716), a company listed on the Stock Exchange, primarily engaged in the business of manufacturing of containers and providing logistics services. From April 2014 to August 2019, Mr. Yang was an independent non-executive director of One Media Group Limited (stock code: 426), a company listed on the Stock Exchange, primarily engaged in media business in Hong Kong. From May 2015 to January 2016, Mr. Yang was an independent non-executive director of China Hanking Holdings Limited (stock code: 3788), a company listed on the Stock Exchange, primarily engaged in iron ore mining.

Save as disclosed above, Mr. Yang does not hold any position with the other members of the Group. He did not hold any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Zou Heqiang (鄒合強) (“Mr. Zou”), aged 57, has been appointed as the independent non-executive Director on 29 May 2019. In addition, Mr. Zou is also a member of the audit committee of the Company.

Mr. Zou graduated from Shanghai Medical University in 1991 with major in forensic medicine and obtained a master degree in Law from the Shanghai Academy of Social Sciences in 2005. Mr. Zou holds the qualifications of lawyer and deputy chief physician of general surgery.

After graduating from undergraduate degree, Mr. Zou has been engaged in the clinical work and management of pathology research, general surgery and intensive care, and obtained the title of deputy chief physician of general surgery. He changed to the lawyer industry in 2008 and is currently practicing at Shanghai Yingdong Law Firm, mainly focusing on the medical dispute resolution, system construction in the field of medical safety management and contract disputes. Mr. Zou was appointed as the legal counsel of the Shanghai Jing'an District Health Commission (上海市靜安區衛生健康委員會) and the mediator of the Shanghai Jing'an District Medical Dispute Resolution Committee (上海市靜安區醫患糾紛調解委員會). At the same time, he has been employed as the legal advisor for certain companies and has accumulated extensive experiences in corporate compliance and risk control.

Save as disclosed above, Mr. Zou does not hold any position with the other members of the Group. He did not hold any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Lo Wan Man (盧韻雯) (“Ms. Lo”), aged 51, has been appointed as the independent non-executive Director on 29 May 2019. Ms. Lo was appointed as the chairman of the nomination committee of the Company and the audit committee of the Company on 5 July 2021 and 5 June 2023 respectively. In addition, Ms. Lo is also a member of the remuneration committee of the Company.

Ms. Lo has over 20 years of experience in the area of accounting, auditing and financial management for both listed and private companies in Hong Kong and the PRC by working in an international accounting firm and other listed companies. She obtained a master of science in finance from City University of Hong Kong in November 2006. She worked at Ernst & Young from March 2001 to December 2003. She was then employed by Emperor Motion Picture (Hong Kong) Limited as finance manager from May 2004 to July 2008. Subsequently, she worked at New World Telecommunications Limited as finance manager in July 2008 until her resignation in March 2010. She was a finance manager of Midland IC&I Limited from May 2011 to January 2014. She was employed by MCGI Consultancy Limited as a senior consultant from May 2015 to September 2022. She has been working at Acclime Corporate Services Limited as director since October 2022.

Ms. Lo has been appointed as an independent non-executive director of Sky Light Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3882) since 28 November 2022.

Since April 2019, she has been appointed as the company secretary and authorized representative of Man Shun Group (Holdings) Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1746). In addition, Ms. Lo has been appointed as a company secretary and authorized representative of K. H. Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1557) since 3 October 2022.

Ms. Lo is a certified public accountant of the Hong Kong Institute of Certified Public Accountants since January 2003.

Save as disclosed above, Ms. Lo does not hold any position with the other members of the Group. She did not hold any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT OF THE GROUP

Chen Junling (陳俊玲) ("Ms. Chen"), aged 53, is the general manager of Risecomm Beijing Comm responsible for overall supervision of sales and marketing of the AMR business. She has joined the Group as the general manager of Risecomm Beijing Comm since June 2014.

Ms. Chen has over 20 years of experience in electronics and power meter sales and marketing.

Prior to joining the Group, from November 2000 to August 2009, Ms. Chen worked as a sales manager in Beijing Taide Jiaxun Technology Co., Ltd., a company engaged in, among others, the sales of electrical and communication equipment. Ms. Chen was the sales manager of Beijing RSK Electronics from September 2009 to March 2014. Ms. Chen graduated from Henan Province Zhumadian First High School in the PRC in July 1990.

Save as disclosed above, Ms. Chen does not hold any position with the other members of the Group. She did not hold any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Liu Ming (劉明) ("Mr. Liu"), aged 55, is the executive president of Risecomm WFOE since November 2024, responsible for the overall operation and management of the company. He joined the Group in June 2006 as the sales and marketing director of Risecomm WFOE and has been the vice president of Risecomm WFOE from February 2009 to October 2024. He was appointed as a director of Risecomm WFOE from September 2023 to September 2024. Mr. Liu was a director of Risecomm (Beijing) Technology Company Limited ("**Risecomm Beijing Tech**") from May 2016 to August 2022.

Mr. Liu has approximately 30 years of experience in the intelligent technology industry. From 1994 to 2003, Mr. Liu worked in Shenzhen Kaifa Technology Co., Ltd., a company principally engaged in electronic product research and development and manufacturing electronic products and listed on the Shenzhen Stock Exchange (stock code: 000021), as a product research and development manager initially and then as a sales and marketing manager. From 2003 to 2005, Mr. Liu worked as a deputy general manager in Shenzhen Haoyuan Technology Co. Ltd. From 2005 to May 2006, Mr. Liu worked in Shenzhen Haoyuan Electronics Co., Ltd., as a deputy general manager.

Mr. Liu obtained a bachelor's degree in Electro-mechanical and Electronic Precision Machinery from the University of Electronic Science and Technology of China in the PRC in July 1994.

Save as disclosed above, Mr. Liu does not hold any position with the other members of the Group. He did not hold any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Chen Shuiying (陳水英) (“Ms. Chen SY”), aged 51, is the vice president and financial controller of Risecomm WFOE responsible for financial system management of the Group. She has joined the Group as the financial controller of Risecomm WFOE since March 2013. Ms. Chen SY has been a director of each of Risecomm HK and Risecomm HK Technology since December 2015. She has been a director of Risecomm WFOE since May 2018 and the vice president of Risecomm WFOE since April 2020. She was an executive Director of the Company from July to October 2023.

Ms. Chen SY has approximately 27 years of experience in the areas of finance and accounting. From 1997 to 2001, Ms. Chen SY worked as an accounts supervisor at Shenzhen Guanlanhu Golf Club Co., Ltd., a golf and leisure resort operator in the PRC. From November 2001 to October 2008, Ms. Chen SY worked as a senior finance manager at Sylva Industries Limited, a Hong Kong company engaged in the manufacturing of rechargeable batteries, responsible for financial analysis. From November 2008 to October 2012, Ms. Chen SY worked as the finance manager (top financial officer) at ASV Stuebbe Pumps & Valves (Shenzhen) Co., Ltd., a company principally engaged in manufacturing and development of plastic pumps, valves and instrumentation systems, responsible for overall financial management of all subsidiaries in Asia.

Ms. Chen SY obtained a bachelor’s degree in International Finance from Nanjing Audit University (currently known as Nanjing Audit University) in the PRC in July 1997.

Save as disclosed above, Ms. Chen SY does not hold any position with the other members of the Group. She did not hold any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Zhu Deyun (朱德雲) (“Ms. Zhu”), aged 44, is a director of Zhongyi (Hong Kong) International Limited. She joined the Group in July 2023. She also serves as the executive director and general manager of Jiangsu Anyi Engineering Management Co., Ltd., where Ms. Zhu is entrusted with the comprehensive oversight of the company’s operation management. Ms. Zhu has extensive management experience in the new energy industry and has led and managed several key local new energy projects, including but not limited to the Baoying Liubao Wind Farm, Baoying Luduo Wind Farm, Jinhu Anfeng Wind Farm, Jinhu Ansheng Wind Farm, and Huai’an Runfeng Wind Farm, etc.

Ms. Zhu graduated from Renmin University of China in July 2015.

Save as disclosed above, Ms. Zhu does not hold any position with the other members of the Group. She did not hold any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ning Jun (寧軍) ("Mr. Ning"), aged 57, is the president of Risecomm WFOE. He joined the Group in August 2024, serving as executive director and general manager of Wuxi Risecomm Communication Technology Co., Ltd.

Mr. Ning has over 30 years of experience in the real estate and energy-related fields. From 1993 to 2001, Mr. Ning worked in Shanghai Far East Group, where he successively held positions including the business development and management of the Hong Kong business department in Guangdong Province, general manager of the Group's International Trade Center, and Director of the real estate business. From 2001 to 2006, Mr. Ning served as the General Manager of Shanghai Ruisuo Investment Co., Ltd. Since 2006, Mr. Ning has been the Chairman of Enrich Developments, a Canadian company. In the meantime, since 2020, Mr. Ning has also served as the Chairman of Enrich Energy, another Canadian company.

Mr. Ning graduated from the Department of Architecture at Shanghai Urban Construction College in July 1992.

Save as disclosed above, Mr. Ning does not hold any position with the other members of the Group. He did not hold any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

COMPANY SECRETARY

Chau Hing Ling (周慶齡) ("Ms. Chau"), was appointed as the company secretary of the Company on 31 July 2023. Ms. Chau is currently an executive director of corporate services of Vistra Corporate Services (HK) Limited. She has over twenty years of experience in the corporate services industry. She is currently the company secretary/joint company secretary of certain listed companies.

Ms. Chau obtained a master of laws majoring in corporate and financial law from The University of Hong Kong in November 2007. She has been a fellow member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and a fellow member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in United Kingdom since May 2013.

DIRECTORS' REPORT

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 19 August 2015 under the Companies Law of the Cayman Islands. The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 23 to the consolidated financial statements.

SHARE CAPITAL

As of 31 December 2025, the total issued share capital of the Company was approximately HK\$1,079,069.2 divided into 215,813,840 ordinary Shares of nominal value of HK\$0.005 each. Details of movements during the year under review in the share capital of the Company are set out in note 27 to the consolidated financial statements.

During the year ended 31 December 2025 and as of 31 December 2025, the Company did not have any treasury shares.

DEBENTURES IN ISSUE

The Company did not have any debentures in issue for the year under review.

BUSINESS REVIEW

A fair review of the business of the Group during the year under review, a discussion about the Group's future business development and an analysis of the Group's performance using financial key performance indicators are set out in the sections headed "Business Review" and "Prospects" in the "Management Discussion and Analysis" in this report and a discussion of the principal risks and uncertainties facing by the Group is included in this section and note 6 to the consolidated financial statements. The review forms part of this Directors' Report.

ENVIRONMENT PROTECTION

The Group has formulated certain policies in accordance with environmental regulations, including, during the stage of design, research, and development, conducting environmental impact assessment for various types of materials or machines prior to making any purchasing decision, enhancing awareness of environmental protection among all employees by organizing environmental protection activities, training programmes and promotions. Top management of the Group plays a leading role in establishing a well-defined structure and system for environmental management by outlining corresponding responsibility, scope and policy.

During the daily operations, the Group has paid close attention to the latest development of domestic and international environmental protection laws and regulations to ensure that the environmental policies are in line with the domestic and international standards, as well as the global development.

The two major operating subsidiaries of the Group received ISO14001:2015 environment management system certifications, as well as ISO occupational health certificates and quality management system certificates, which are all valid until December 2027 and subject to renewal. During the year under review, the Group did not receive any notice or warning in relation to pollution in respect of its production, nor had the Group been subject to any fines, penalties or other legal actions by government agencies in the PRC resulting from any non-compliance with any environmental protection laws in the PRC.

DIRECTORS' REPORT

RELATIONSHIP WITH EMPLOYEES

The Group's success depends on its ability to attract, retain and motivate qualified personnel. The Group has generally been able to attract and retain qualified personnel and maintain a stable core management team. The Group is dedicated to the training and development of its employees. The Group leverages its R&D capabilities and other resources to ensure that each employee maintains a current skill-set through continuous training. The Group provides introductory training and orientation for all new employees, as well as on-the-job training to continually improve its employees' technical, professional and management skills.

In accordance with the applicable PRC laws and regulations, the Group provides its employees with basic pension, basic medical insurance, workplace injury insurance, unemployment insurance, maternity insurance and housing provident funds. The Group pays great attention to its employee welfare, and continually improve its welfare system.

The Group believes that it maintains a good working relationship with its employees and the Group did not experience any significant labour disputes or disputes with the labour department of the PRC government during the year under review.

The two major operating subsidiaries of the Group have received ISO45001:2018 certifications for occupational health and safety management system, which are valid to May 2026 and December 2027 respectively and subject to renewal. The Group has implemented safety measures at its product assembly hub to ensure compliance with applicable regulatory requirements and to minimize the risk of injury of employees. The Group conducts periodic inspections of operating facilities to ensure that its product assembly operations are in compliance with existing laws and regulations. Furthermore, the Group requires new employees to receive work safety training.

RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS

The Group strives to build and maintain long term and strong relationships with customers. The Group's business department has from time to time conducted a customer satisfaction management survey with a view to understand and fulfil customers' demands and enhance their satisfaction. In terms of suppliers, the Group's objective is to keep mutually beneficial and win-win partnerships with all suppliers. At the same time, the Group regularly evaluates the performance of its suppliers.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group has compliance and risk management policies and procedures, and members of the senior management are delegated with the continuing responsibility to monitor adherence and compliance with all significant legal and regulatory requirements. These policies and procedures are reviewed regularly. As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

RISK FACTORS

The main activities of the Group include R&D, production and sales of PLC products and provision of SMIA services and products. During the year under review, the Group's AMR business was largely affected by the market environments in China's AMR deployment, and procurement paces of State Grid and China Southern Power Grid Co., Ltd. ("**Southern Grid**"). The long-term business and profitability growth of the Group are expected to be continuously impacted by variables of major qualitative factors (such as the development of political and economic policies of China and the escalating geopolitical tension including the economic conflict between U.S. and China). The Group's current operations and development are under influence of certain factors mainly including:

DIRECTORS' REPORT

PLC Technology in AMR business in China

The Group designs and develops AMR products to a large extent for sale to meter manufacturers which in turn supply smart meters to power grid companies in China, as well as for sale to power grid companies, both directly and indirectly through their designated entities and from time to time, other technology companies. The competition landscape has been changed as a portion of the PLC market shares retained by SOE, in general. Hence, the competition among domestic PLC market participants are even more intense although the overall market demand in PLC remains strong and promising.

To mitigate the effect from AMR business risk, the Group continues to strengthen its capabilities in PLC technology and R&D to enhance its AMR product functionality and features, in addition to expansion of new markets.

SMIA business

The ongoing economic conflict between the world's two largest national economies, China and the U.S. affected the strategic development and expansion planning on the State-owned enterprises, particularly in the petroleum industry which resulted in the reconsideration on the prioritization of resources deployment. This may lead to unexpected delay in delivery/implementation of certain contracts held by the Group. To mitigate the effect from SMIA business risk, the Group will further explore potential customers in different industries.

Exchange Rate Risk

Most of the businesses of the Group are settled in Renminbi while businesses in foreign currencies are mainly settled in HK\$ or USD. The fluctuation of exchange rate of the currencies will have certain impact on the Group's business which are settled in foreign currencies. During the year under review, the Group did not enter into any foreign exchange forward contracts or other hedging instruments to hedge against fluctuations. The foreign currency risk is managed and monitored on an on-going basis by senior management of the Group.

DIRECTORS' REPORT

DIVIDEND POLICY

The Company has adopted a dividend policy on payment of dividends. The Company intends to distribute no less than 30% of its profit attributable to equity shareholders as dividends to its Shareholders, subject to the conditions and factors as set out below:

- results of operations;
- working capital and cash position;
- future business and earnings;
- capital requirements;
- contractual restrictions, if any; and
- any other factors that the Directors may consider relevant.

Depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period:

- interim dividend;
- final dividend;
- special dividend; and
- any distribution of net profits that the Board may deem appropriate.

The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the provisions of the Articles of Association of the Company (the "**Articles**") and all applicable laws and regulations and the factors set out above. Any final dividend for a financial year will be subject to Shareholders' approval.

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

SEGMENT INFORMATION

Details of segment reporting are set out in Note 9 to the consolidated financial statements.

DIRECTORS' REPORT

FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year under review.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution to Shareholders as at 31 December 2025 comprised the share premium and accumulated losses of Nil (2024: Nil).

DIRECTORS

The directors of the Company during the year under review and up to the date of this report were:

EXECUTIVE DIRECTORS

Ms. Zhao Luyi (*Chairman*)

Mr. Jiang Feng (*resigned on 24 October 2025*)

Mr. Tsang Wah Tak, Brian

Ms. Ye Bailing (*appointed on 28 October 2025*)

NON-EXECUTIVE DIRECTORS

Mr. Yu Lu

Mr. Ding Zhigang (*resigned on 6 January 2026*)

Ms. Guo Lei

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Victor Yang

Ms. Lo Wan Man

Mr. Zou Heqiang

DIRECTORS' PROFILES

Directors' profiles are set out on pages 19 to 22 of this report.

Pursuant to Article 84(1) of the Articles, Ms. Guo Lei, Ms. Lo Wan Man and Mr. Zou Heqiang will retire at the forthcoming annual general meeting.

Pursuant to Article 83(3) of the Articles, Ms. Ye Bailing (who has been appointed as an executive Director by the Board on 28 October 2025) shall hold office until the annual general meeting.

All of the above additional retiring Directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' REPORT

CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS

Since the date of the Interim Report 2025 and up to the date of this report, the Company is not aware of any changes in the Directors' information which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

PERMITTED INDEMNITY PROVISION

Under the Articles, the Company had a permitted indemnity provision (as defined in section 469 of the Companies Ordinance) in force for the benefit of the Directors during the year under review and up to the date of approval of this Directors' Report, pursuant to which the Company shall indemnify any Director against any liability, loss suffered and expenses incurred by the Director in connection with any legal proceedings in which he/she is involved by reason of being a Director, except in any case where the matter in respect of which indemnification is sought was caused by the fraud or dishonesty of the Directors. The Company has maintained insurance cover for Directors' and officers' liabilities in respect of legal actions against the Directors arising out of corporate activities. The insurance coverage is reviewed on an annual basis. During the year under review, no claims were made against the Directors.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Director has entered into a service contract with the Company for an initial term of three years which shall continue thereafter unless and until the Company or the Director serves a written notice of termination three months in advance during the term of the agreement or anytime thereafter. Particulars of the service contracts of the Directors are in all material respects the same. The compensation of the Executive Directors is subject to review each year.

None of the Non-Executive Directors (including the Independent Non-Executive Directors) has entered into any service contract with the Company. Pursuant to the letters of appointment of the Non-Executive Directors (including the Independent Non-Executive Directors), the term of appointment of each of such Directors is for three years commencing from the date of appointment.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REPORT

RIGHTS OF DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Schemes" below, at no time during the year under review was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors, their spouses or children under the age of 18, had any rights to subscribe for securities of the Company, or had exercised any such rights during the year under review.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 15 to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or his connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year under review or at any time during the year under review.

CONTRACTS OF SIGNIFICANCE

No controlling Shareholder or any of its subsidiaries has any contract of significance (including contract of significance for the provision of services) with the Company or its subsidiaries during the year under review.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group are set out in note 19 to the consolidated financial statements.

DIRECTORS' REPORT

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

As of 31 December 2025, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules, were as follows:

Name of Director	Relevant company	Nature of interest	Number of Shares in the relevant company (Note 1)	Approximate Percentage* of interest
Mr. Tsang Wah Tak Brian	The Company	Beneficial owner (Note 2)	263,000 (L)	0.12%
Mr. Yu Lu	The Company	Beneficial owner (Note 3)	3,450,450 (L)	1.60%
Ms. Ye Bailing	The Company	Beneficial owner (Note 4)	20,000,000 (L)	9.27%

* The percentage represents the number of shares/underlying shares involved divided by the number of the issued Shares as of 31 December 2025.

Notes:

- (1) The letter "L" denotes the Directors' long position in the Shares.
- (2) Mr. Tsang Wah Tak Brian is an executive Director.
- (3) Mr. Yu Lu is a non-executive Director.
- (4) Ms. Ye Bailing is an executive Director.
- (5) The total issued shares of the Company was 215,813,840 Shares as of 31 December 2025.

Save as disclosed above, as of 31 December 2025, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As of 31 December 2025, so far as is known to the Directors, the following corporations or persons (other than a Director or the chief executives of the Company) had an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of Shares (Note 1)	Approximate Percentage* of Company's issued share capital
Ms. Liu Beibei	Beneficial owner	40,526,534 (L) (Note 2)	18.78%
Mr. Wu Yueshi	Interest in a controlled corporation (Note 3)	22,344,000 (L) (Note 2)	10.35%
Silver Castle International Limited	Interest in a controlled corporation (Note 3)	22,344,000 (L) (Note 2)	10.35%
XinDaXin Group Company Limited ("XinDaXin")	Beneficial owner (Note 3)	22,344,000 (L) (Note 2)	10.35%
Mr. Zhu De Yun	Beneficial owner	20,000,000 (L) (Note 2)	9.27%
Ms. Yu Feng Ting	Beneficial owner	20,000,000 (L) (Note 2)	9.27%

* The percentage represents the number of shares/underlying shares involved divided by the number of the issued shares as of 31 December 2025. The total issued shares of the Company were 215,813,840 Shares as of 31 December 2025.

Notes:

- (1) The letter "L" denotes the person's or corporation's long position in the Shares.
- (2) Based on the disclosure of interests forms submitted by these substantial shareholders respectively as of 31 December 2025.
- (3) XinDaXin is a company incorporated in Hong Kong with limited liability. XinDaXin is wholly owned by Silver Castle International Limited, a company incorporated in BVI with limited liability. Silver Castle International Limited is wholly owned by Mr. Wu Yueshi. By virtue of the SFO, Silver Castle International Limited and Mr. Wu Yueshi are deemed to be interested in the Shares in which XinDaXin is interested.

Save as disclosed above, as of 31 December 2025, other than the Directors and the chief executives of the Company whose interests are set out in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above, no person had interest or short position in the Shares or underlying Shares which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' REPORT

EQUITY-LINKED AGREEMENT

During the year under review, save for the Share Option Schemes as set out in the paragraph headed "Share Option Schemes" of this Directors' Report, the Company did not enter into any other equity-linked agreement, nor did any other equity-linked agreement exist during the year under review. Please refer to the section headed "Management Discussion and Analysis" and note 40 to the consolidated financial statements for further information about the Share Option Schemes.

SHARE OPTION SCHEMES

Share Option Scheme

As disclosed in the prospectus of the Company dated 29 May 2017 (the "**IPO Prospectus**") the Company adopted a share option scheme (the "**Share Option Scheme**") on 16 May 2017. The purpose of the Share Option Scheme is to enable the Company to grant share options to selected participants as incentives for their contribution to the Group. All Directors and employees of the Group that contributed to the development and performance of the Group are eligible participants under the Share Option Scheme.

The Share Option Scheme will remain in force for a period of 10 years commencing from 9 June 2017. The remaining life of the Share Option Scheme was approximately 1 year as at 31 December 2025.

The maximum number of Shares in respect of which options may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue on 9 June 2017, being 80,000,000 Shares (the "**Scheme Limit**"), excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company). As at the date of this Directors' Report, the number of options available for grant under the Scheme Limit was 6,507,000 Shares.

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised, outstanding options and Shares which were the subject of options which have been granted and accepted under the Share Option Scheme and any other share option schemes of the Company but subsequently cancelled) to each participant in any 12-month period shall not exceed 1% of the Shares in issue as at the date of the grant.

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years commencing from 9 June 2017. A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised. Subject to the general vesting period of 12 months required under the Listing Rules, there is no vesting period prescribed under the Share Option Scheme.

DIRECTORS' REPORT

The subscription price for the Shares under the Share Option Scheme will be a price determined by the Board, but shall not be less than the highest of: (i) the closing price of Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the grant; and (iii) the nominal value of a Share.

Details of movements of the options granted under the Share Option Scheme during the year under review are as follows:

Employees

Date of grant	Vesting date	Exercisable period	Outstanding as at 1 January 2025	Exercise Price per Share HK\$ (Note)	During the year under review				Adjustments due to Share Consolidation and Rights Issue (Note)	Outstanding as at 31 December 2025	Adjusted Exercise Price per Share HK\$ (Note)
					Granted	Exercised	Cancelled	Lapsed			
3 September 2018	3 September 2020	From 3 September 2020 to 2 September 2026	56,832	1.724	-	-	-	-	(32,690)	24,142	40.58
3 September 2018	3 September 2021	From 3 September 2021 to 2 September 2026	56,832	1.724	-	-	-	-	(32,690)	24,142	40.58
3 September 2018	3 September 2022	From 3 September 2022 to 2 September 2026	56,832	1.724	-	-	-	-	(32,690)	24,142	40.58
Total			170,496		-	-	-	-	(98,070)	72,426	

Note: As a result of the Share Consolidation of every 5 issued and unissued shares in the share capital of the Company of par value of HK\$0.001 into 1 consolidated share of HK\$0.005 each which had taken effect from 19 August 2025 and the Rights Issue which was completed in October 2025, the exercise price of and the number of Shares entitled to be subscribed for under the outstanding share options have been adjusted to HK\$40.58 and 72,426 shares, respectively.

No share option was granted to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or an associate (as defined in the Listing Rules) of any of them under the Share Option Scheme since the adoption of the Share Option Scheme.

As at 1 January 2025 and 31 December 2025, the total number of options available for grant under the Share Option Scheme are 6,885,003 and 6,885,003 options respectively, representing approximately 2.7% and 3.2% of the total number of issued shares as at 1 January 2025 and 31 December 2025. As at 1 January 2025, 31 December 2025 and the date of this report, the total number of shares available for issue by exercising the options granted under the Share Option Scheme are 170,496 shares, 72,426 shares and 72,426 shares, respectively, representing approximately 0.1%, 0.03% and 0.03% of the total number of issued shares at 1 January 2025, 31 December 2025 and the date of this report.

Save as disclosed above, no other share options under the Share Option Scheme were vested, exercised, cancelled or lapsed during the year under review.

DIRECTORS' REPORT

Pre-IPO Share Option Scheme

As disclosed in the IPO Prospectus, the Company adopted the Pre-IPO Share Option Scheme on 25 August 2016 and granted options to subscribe for an aggregate of 771,680 Shares. Immediately following the completion of the Capitalization Issue (as defined in the IPO Prospectus), the total number of Shares which may be allotted and issued upon exercise of all the outstanding options granted under the Pre-IPO Share Option Scheme increased from 495,180 Shares to 16,210,417 Shares. The purpose of the Pre-IPO Share Option Scheme is to recognize the contribution that certain parties made or may have made to the growth of the Group and/or the listing of Shares on the Stock Exchange. The principal terms of the Pre-IPO Share Option Scheme are substantially the same as the terms of the Share Option Scheme except for the following principal terms:

- (a) the exercise price per Share shall not be less than the par value of such Share. Subject to the preceding sentence, the Board shall determine the exercise price at its sole discretion;
- (b) the total number of Shares which may be allotted and issued upon exercise of all the outstanding options granted under the Pre-IPO Share Option Scheme immediately following completion of the Capitalization Issue and the Global Offering (as defined in the IPO Prospectus) was 16,210,417 Shares, representing approximately 2.03% of the issued share capital of the Company immediately upon completion of the Capitalization Issue and the Global Offering and taking no account of any shares which may be allotted and issued pursuant to the exercise of the Over-allotment Options (as defined in the IPO Prospectus) or the options granted or to be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme;
- (c) the eligible participant under the Pre-IPO Share Option Scheme are the full-time employees, executives or officers (including executive, non-executive and independent non-executive Directors) of the Company or the full-time employees of any of the subsidiaries of the level of manager or above and other full-time employees of the Company or any of the subsidiaries who, in the sole opinion of the Board, have contributed or will contribute to the Company and/or any of the subsidiaries;
- (d) the conditions which the Board may in its absolute discretion to consider (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before an option can be exercised) as it may think fit; and
- (e) except for the options which have been granted under the Pre-IPO Share Option Scheme, no further options will be offered or granted under the Pre-IPO Share Option Scheme, as the right to do so will terminate upon the listing of the Shares on the Stock Exchange.

HK\$1.00 was payable by each grantee as consideration for grant of the options.

The Pre-IPO Share Option Scheme will remain in force for a period of 10 years commencing from 25 August 2016. The remaining life of the Pre-IPO Share Option Scheme was approximately 8 months as at 31 December 2025.

DIRECTORS' REPORT

No further options were granted under the Pre-IPO Share Option Scheme on or after 9 June 2017, i.e. the listing date of the Company, as the right to do so terminated on the same day. 770,900 share options were adjusted as a result of the Share Consolidation.

Details of movements of the options granted under the Pre-IPO Share Option Scheme during the year under review are as follows:

Employees

Date of grant	Vesting date	Exercisable period	Outstanding as at 1 January 2025	Exercise Price per Share USD (Note)	During the year under review				Outstanding as at 31 December 2025
					Granted	Exercised	Cancelled	Lapsed	
25 August 2016	25 August 2016	25 August 2016 to 25 March 2024	-	0.000302	-	-	-	-	-
Total			-		-	-	-	-	-

Save as disclosed above, no other Pre-IPO Share Options were vested, exercised, cancelled or lapsed during the year under review.

The number of Shares that may be issued in respect of options granted under all schemes of the Company during the year under review divided by weighted average number of Shares in issue for the Period is 0%.

DIRECTORS' REPORT

RETIREMENT SCHEMES

The Group participates in defined contribution retirement benefit schemes organized by the PRC municipal and provincial government authorities for the Group's eligible employees in the PRC, and operates a Mandatory Provident Fund scheme for the employees in Hong Kong. Particulars of these retirement plans are set out in note 16 to the consolidated financial statements.

The Group's contributions to such defined contribution plans vest fully and immediately with the employees. Accordingly, there are no forfeited contributions under such plans which may be used by the Group as employer to reduce its existing level of contributions for the year ended 31 December 2025.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence as regards each of the factors referred to in Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

RELATED PARTY TRANSACTION

Details of related party transactions of the Group are set out in note 41 to the consolidated financial statements. None of the related party transactions disclosed in note 41(a) to the consolidated financial statements constitutes a connected transaction or continuing connected transaction (as defined in Chapter 14A of the Listing Rules) of the Company during the year under review, or as such, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the Group's business were entered into during the year under review or subsisted at the end of the year under review.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year under review.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles, or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

TAX RELIEF

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Shares during the year under review.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

Details of the Group's transactions with its major suppliers and customers during the year under review are set out below:

During the year under review, the Group's largest customer accounted for approximately 24.0% (2024: approximately 17.0%) of the total revenue of the Group and the aggregated revenue attributable to the five largest customers accounted for approximately 65.0% (2024: approximately 39.7%) of the total revenue of the Group.

During the year under review, the Group's largest supplier (including outsourced service provider) accounted for approximately 23.0% (2024: approximately 19.5%) and the aggregated purchases (including outsourced service fees) attributable to the Group's five largest suppliers (including outsourced service providers) accounted for approximately 71% (2024: approximately 45.3%) of the total purchases (including outsourced service fees) of the Group.

None of the Directors, their close associates or any Shareholders (which to the knowledge of the Directors owned more than 5% of the Company's issued share capital (excluding the treasury shares)) had any interest in any of the five largest customers or suppliers of the Group.

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 latest practicable date prior to the issue of this annual report, the Company confirms that it complied with the minimum prescribed public float of 25% of the Company's total number of issued shares in that class under Rule 13.32B of the Listing Rules.

USE OF PROCEEDS FROM RIGHTS ISSUE

On 21 October 2025, the Company completed the Rights Issue and on 22 October 2025, the Company issued 164,668,068 rights shares of HK\$0.005 each at a subscription price of HK\$0.5 per rights share on the basis of five rights shares for every one Consolidated Share ("**2025 Rights Issue**").

Upon completion of 2025 Rights Issue, the Company received net proceeds of approximately HK\$80.44 million (the "**Net Proceeds**"). The net price per rights shares of 2025 Rights Issue was approximately HK\$0.49 and the closing price of the Consolidated Shares on 21 October 2025 was HK\$0.62. The Company intended to apply the Net Proceeds as to (i) approximately HK\$64.16 million, which represents approximately 80% of the Net Proceeds, for repayment of the Group's current liabilities, specifically those debts, liabilities, or other payables that are expected to be due and payable within twelve months upon Completion, and (ii) approximately HK\$16.08 million, which represents approximately 20% of the Net Proceeds, for the Group's general corporate and administration working capital purposes, which primarily includes (a) staff salaries expenses of approximately HK\$11.2 million; (b) rental expenses of approximately HK\$0.30 million; and (c) business development expenses of approximately HK\$0.43 million. These funds of HK\$0.43 million will support the Company's efforts in smart manufacturing and industrial automation, particularly in upgrading legacy systems and optimizing integrity management within petroleum and petrochemical operations, thereby supporting the Group's ongoing business activities.

For further details of 2025 Rights Issue, please refer to the announcements of the Company dated 17 June 2025, 9 July 2025, 15 August 2025, 19 September 2025, 21 October 2025 and 6 November 2025, the circular of the Company dated 22 July 2025 and the prospectus of the Company regarding the Rights Issue dated 28 August 2025.

DIRECTORS' REPORT

The following table sets forth the information in relation to the use of the Net Proceeds raised from the 2025 Rights Issue:

	Original allocation of Net Proceeds RMB'000	Amount of Net Proceeds utilized up to 31 December 2025 RMB'000	Amount of Net Proceeds unutilized as at 31 December 2025 RMB'000
Repayment of bank loans	63,236	63,236	–
Working capital	10,996	7,350	3,646
Total	74,232	70,586	3,646

The Company has applied the utilised portion and will apply the unutilised portion of the Net Proceeds according to the announcement of the Company dated 21 October 2025. The remaining Net Proceeds are expected to be utilized by the end of April 2026.

EMPLOYEE INFORMATION

The emolument policy of the employees of the Group is set up by the management on the basis of their merits, qualifications and competence.

As at 31 December 2025, the Group had an aggregate of 58 employees (as at 31 December 2024: 67 employees). During the year under review, staff costs, including Directors' remuneration, was approximately RMB6.9 million (2024: approximately RMB41.9 million). The Group recruited and promoted individual persons according to their capabilities and development potential. The Group determined the remuneration packages of all employees including the Directors with reference to individual performance and prevailing market salary scale.

The Group is dedicated to the training and development of its employees by providing regular and induction trainings to employees. The Group leverages its research and development capabilities and other resources to ensure that each employee maintains a current skill-set through continuous training. The Group provides introductory training and orientation for all new employees, as well as on-the-job training to continually improve its employees' technical, professional and management skills. The Company has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants, including the employees of the Group, who contribute to the success of the Group's operations. The remuneration package of employees include salary, pension contributions, discretionary bonus and options to be granted under the share option scheme.

CLOSURE OF REGISTER OF MEMBERS FOR THE 2026 AGM

The register of members of the Company will be closed from Monday, 15 June 2026 to Thursday, 18 June 2026 (both days inclusive) for the purpose of determining the right to attend and vote at the forthcoming annual general meeting of the Company to be held on Thursday, 18 June 2026 (the **"2026 AGM"**) or any adjournment thereof. The record date for entitlement to attend and vote at the 2026 AGM is Thursday, 18 June 2026. In order to be qualified for attending and voting at the 2026 AGM, unregistered holders of Shares should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 10:30 a.m. (Hong Kong time) on Friday, 12 June 2026.

DIRECTORS' REPORT

EVENT AFTER THE REPORTING PERIOD

Details of significant events which would cause material impact on the Group from the end of the year under review to the date of this report are set out in note 44 to the consolidated financial statements as set out in this report.

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the past five financial years are set out on page 172 of this report.

AUDIT COMMITTEE

The Audit Committee has discussed with the management of the Group and reviewed this report and the audited annual financial results of the Group for the year under review, including the accounting principles and practices adopted by the Group, and discussed financial related matters.

AUDITOR

The financial statements for the year ended 31 December 2025 have been audited by Rongcheng (Hong Kong) CPA Limited. A resolution will be submitted to the forthcoming 2026 AGM to re-appoint Rongcheng (Hong Kong) CPA Limited as auditor of the Company.

SHINEWING (HK) CPA LIMITED resigned as auditor of the Company on 11 November 2025 and Rongcheng (Hong Kong) CPA Limited was appointed as the auditor of the Company with effect from 11 November 2025 to fill the casual vacancy following the resignation of SHINEWING (HK) CPA Limited. There have been no other changes in auditor in the preceding three years.

On behalf of the Board

Risecomm Group Holdings Limited

Zhao Luyi

Chairman and Executive Director

Hong Kong, 27 March 2026

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining good corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company adopted the principles and code provisions ("**Code Provision(s)**") as set out in the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix C1 to the Listing Rules as its own code of corporate governance.

The Board will continue to review and monitor the corporate governance status of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance of the Company.

The Board has established the Company's purposes, values and strategy and ensured that a complementary culture has been formulated and promoted within the Group. The culture of the Group is further supplemented by the Group anti-corruption policy adopted by the Group.

In the opinion of the Directors, the Company has complied with all the applicable Code Provisions set out in the CG Code during the year under review and up to the date of this annual report. Key corporate governance principles and practices of the Company are summarised below.

CORPORATE CULTURE

The Board believes that corporate culture underpins the long-term business, economic success and sustainable growth of the Group. A strong culture enables the Group to deliver long-term sustainable performance and fulfil its role as a responsible corporate citizen. The Group is committed to developing a positive and progressive culture that is built on its vision, mission and values.

During the year under review, the Group continued to strengthen its cultural framework by focusing on the followings:

- Vision: To become a leading company in PLC technology and smart manufacturing & industrial automation in China
- Mission: Stay at the competitive forefront in adapting to technology innovations with continual commitment to superior research and development capabilities
- Values: Advancing technology frontiers for a better life

The Board sets and promotes corporate culture and expects and requires all employees to reinforce. All of our new employees are required to attend orientation and training programs so that they may better understand the Group's corporate culture, structure and policies, learn relevant laws and regulations, and raise their quality awareness. In addition, from time to time, the Group will invite external experts to provide training to our management personnel to improve their relevant knowledge and management skills.

The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

CORPORATE GOVERNANCE REPORT

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' transactions in securities of the Company (the "**Company's Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of the Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.

Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code and the Company's Code throughout the year under review.

The Company has also extended the coverage of the Model Code adoption to the senior management of the Company who are likely to be in possession of unpublished inside information of the Company (the "**relevant employees**"). To the best knowledge and belief of the Directors, no incident of non-compliance of the Model Code by the relevant employees was noted by the Company throughout the year under review.

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board comprises of the following Directors during the year under review and up to the date of this report:

Executive Directors

Ms. Zhao Luyi (*Chairman*)

Mr. Jiang Feng (*resigned on 24 October 2025*)

Mr. Tsang Wah Tak, Brian

Ms. Ye Bailing (*appointed on 28 October 2025*)

Non-Executive Directors

Mr. Yu Lu

Mr. Ding Zhigang (*resigned on 6 January 2026*)

Ms. Guo Lei

Independent Non-executive Directors

Mr. Victor Yang

Ms. Lo Wan Man

Mr. Zou Heqiang

The biographical information of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 19 to 22 of this annual report. None of the members of the Board is related to one another.

Ms. Ye Bailing was appointed as an executive Director on 28 October 2025. She had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 24 October 2025 and has confirmed that she understood her obligations as a Director.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

The roles of the chairman and Chief Executive Officer (“CEO”) should be served by different individuals to achieve a balance of authority and power. The main responsibility of the chairman is to lead the Board and manage its work to ensure that it effectively operates and fully discharges its responsibilities. Supported by the members of committees of the Board, the CEO is responsible for the day-to-day management of the Company and its subsidiaries’ business, recommending strategies to the Board, and determining and implementing operational decisions. Ms. Zhao Luyi was the Chairman of the Company as at 31 December 2025. As at 31 December 2025 and up to the date of this report, the position of CEO has been vacant. The Board is in the course of identifying a suitable candidate as the CEO of the Company and will make further announcement upon the appointment of the position.

Independent Non-Executive Directors

Throughout the year under review and up to the date of this report, the Company has complied with the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of their independence as regards each of the factors referred to in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules. As at 31 December 2025, no independent non-executive Director had served more than nine years on the Board.

Appointment and Re-election of Directors

The non-executive Directors (including independent non-executive Directors), are appointed for a specific term of three years since the date of their relevant appointment and to be renewed upon the expiry of the current term.

The Articles provides that all Directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the first general meeting after appointment.

Under the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

Responsibilities of the Directors

The Board should assume responsibility for leadership and control of the Company, and is collectively responsible for directing and supervising the Company’s affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group’s operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

CORPORATE GOVERNANCE REPORT

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances for discharging their duties to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

In compliance with Code Provision C.1.4 of the CG Code, the directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors during the year under review and up to date of this report are summarized as follows:

Directors	Type of Training (Note)
<i>Executive Directors</i>	
Ms. Zhao Luyi (Chairman)	A & B
Mr. Jiang Feng (resigned on 24 October 2025)	A
Mr. Tsang Wah Tak, Brian	A
Ms. Ye Bailing (appointed on 28 October 2025)	A
<i>Non-Executive Directors</i>	
Mr. Yu Lu	A
Mr. Ding Zhigang (resigned on 6 January 2026)	A
Ms. Guo Lei	A
<i>Independent Non-executive Directors</i>	
Mr. Victor Yang	A
Ms. Lo Wan Man	A & B
Mr. Zou Heqiang	A

Note:

Types of Training

- A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops
B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 3.

Audit Committee

The Audit Committee consists of three independent non-executive Directors namely Ms. Lo Wan Man (chairman), Mr. Zou Heqiang and Mr. Victor Yang. The composition of the Audit Committee meets the requirements of Rule 3.21 of the Listing Rules. Details of the authority and duties of the Audit Committee are set out in the Audit Committee's terms of reference which are available on the websites of the Stock Exchange and the Company.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The duties of the Audit Committee include, without limitation, (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) monitoring the integrity of the financial statements and annual report and accounts, and the interim report, and reviewing significant financial reporting judgments contained therein; (c) reviewing the financial control, risk management and internal control systems; and (d) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board.

During the year under review, the Audit Committee held four meetings to review, in respect of the year under review, the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function on semi-annual basis (or on any other occasions, where appropriate) in respect of the interim and annual financial periods, engagement of non-audit services and relevant scope of work, arrangements for employees to raise concerns about possible improprieties and to recommend the appointment of new external auditor.

The Audit Committee also met the external auditor without the presence of the executive Directors. There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

Remuneration Committee

The Remuneration Committee consists of two independent non-executive Directors, namely Mr. Victor Yang (chairman) and Ms. Lo Wan Man, and one executive Director namely Ms. Zhao Luyi.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. Details of the authority and duties of the Remuneration Committee are set out in the Remuneration Committee's terms of reference which are available on the websites of the Stock Exchange and the Company. The primary functions of the Remuneration Committee include (a) making recommendations to the Board on the Company's policy and structure for all Directors' and senior management and establishing a formal and transparent procedure for developing remuneration policy; (b) reviewing and approving the management's remuneration proposal with reference to the Board's corporate goals and objectives; (c) making recommendations to the Board on the remuneration packages of individual Directors and senior management pursuant to code provision E.1.2 (c)(ii) of Part 2 of the CG Code; and (d) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

The Remuneration Committee held two meetings during the year under review to review and make recommendation to the Board on the remuneration policy and the remuneration packages of the Directors and senior management.

Details of the annual remuneration of the members of the senior management by band for the year under review are set out below:

Remuneration band (HK\$)	Number of individuals
HK\$nil–HK\$500,000	2
HK\$500,001–HK\$1,000,000	2
HK\$1,000,001–HK\$1,500,000	1
HK\$1,500,001–HK\$2,000,000	–

Details of the remuneration of each Director and five highest paid individuals for the year under review are set out in note 15 and note 14 to the consolidated financial statements.

The Remuneration Committee also considered and made recommendations to the Board on the terms of letters of appointment and the remuneration of Directors appointed during the year under review.

Nomination Committee

The Nomination Committee consists of two independent non-executive Directors, namely Ms. Lo Wan Man (chairman), Mr. Victor Yang and one executive Director, namely Ms. Zhao Luyi.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. Details of the authority and duties of the Nomination Committee are set out in the Nomination Committee's terms of reference which are available on the websites of the Stock Exchange and the Company. The Company has complied with the requirements under Code Provision B.3.1.

The principal duties of the Nomination Committee include, without limitation, (a) reviewing the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the corporate strategy; (b) identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (c) assessing the independence of the independent non-executive Directors; and (d) making recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for the Directors, in particular the chairman and the chief executive officer.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

CORPORATE GOVERNANCE REPORT

During the year under review, the Nomination Committee held two meetings to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, the implementation and effectiveness of the Board Diversity Policy, and to consider the qualifications of the retiring Directors standing for election at the annual general meeting. The Nomination Committee also considered and recommended to the Board on the appointment of Directors during the year under review.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board and is available on the website of the Company. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Board has set a measurable objective as to gender diversity that there should be at least one female Board member for giving a diversified insights to the Board. The Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments. The Board will ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectations and international and local recommended best practices. During the year under review, the measurable objective been achieved as there was been at least one female member in the Board. At present, the Nomination Committee considered that the Board is sufficiently diverse.

The Nomination Committee will review the Board Diversity Policy, annually and as appropriate, to ensure its effectiveness.

For the details of the current gender ratio in the workforce, including senior management of the Group, please refer to the "Environmental, Social and Governance Report" in this report. Given the current composition of the workforce and the nature of the Group's business and industry, the Board is of the view that gender diversity is achieved and shall focus on maintaining the gender balance. The management will review the gender composition of the workforce and set targets based on the future needs of the Group's development.

CORPORATE GOVERNANCE REPORT

Workforce Diversity

The Group strictly adheres to fair and appropriate employment practices and labour standards. With an anti-discriminatory and equal-opportunity policy in place, the Group provides job applicants and employees with equal opportunities for employment and promotion, and prohibits all forms of discrimination on gender, religion, race, disability or age.

As at 31 December 2025, the Group had a total of 58 staff members (including members of the senior management but excluding Directors). The gender composition of the staff members (including members of the senior management but excluding Directors) was approximately 52% male staff members and approximately 48% female staff members.

The Board considered that gender diversity of the workforce of the Group had been well maintained during the year under review. The Group and its subsidiaries had total of 58 employees, 30 of whom were male and 28 were female, representing 52% and 48% of the total number of employees respectively. As such, the plan and measurable objective for the Group in terms of gender diversity in the workforce is to maintain the balance of gender diversity in the foreseeable future.

The Remuneration Policy of Directors

Quality and committed staff are valuable assets contributing to the Group's success. To ensure the ability to attract and retain talents, the Group's Remuneration Policy for Directors is built upon the principles of providing equitable and market-competitive remuneration packages that support the performance culture and enable the achievement of strategic business goals. The Group's Remuneration Policy for Directors is, therefore, aiming at providing a competitive but not excessive remuneration package to the Directors.

The Directors' remuneration comprises fixed salary or service fee and variable components (such as bonus and share options), which is benchmarked against companies of comparable business or scale with reference to a mix of factors such as the prevailing market condition, the Company's performance and the qualifications, skills, experience and educational background of the Directors.

The Directors' remuneration will be reviewed annually and is subject to Shareholders' approval at the annual general meeting.

Director Nomination Policy

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

CORPORATE GOVERNANCE REPORT

The Director Nomination Policy also sets out the procedures and process for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year under review, the Nomination Committee adhered to the following nomination procedures and the process set out in the Director Nomination Policy to select and recommend candidates for directorship:

(a) Appointment of new Director

- (i) Upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, the Nomination Committee should, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- (ii) If the process yields one or more desirable candidates, the Nomination Committee should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- (iv) For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

(b) Re-election of Director at General Meeting

- (i) The Nomination Committee should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.
- (ii) The Nomination Committee should also review and determine whether the retiring Director continues to meet the criteria as set out above.
- (iii) The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

During the year under review, there were some changes in the composition of the Board. Details are set out in Directors' Report. The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the year under review, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

Board meetings should be held at least four times a year at approximately quarterly intervals, involving active participation, either in person or through electronic means of communication, of a majority of Directors entitled to be present.

Apart from Board meetings, the Chairman also held meetings with non-executive Directors without the presence of other Directors during the year under review.

The attendance record of each Director at meetings is set out in the table below:

Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual general	Extraordinary
					meeting held on 20 June 2025	general meeting held on 15 August 2025
Ms. Zhao Luyi	8/8	N/A	2/2	1/2	1/1	1/1
Mr. Jiang Feng (resigned on 24 October 2025)	4/5	N/A	N/A	N/A	0/1	0/1
Mr. Tsang Wah Tak, Brian	8/8	N/A	N/A	N/A	0/1	0/1
Ms. Ye Bailing (appointed on 28 October 2025)	2/2	N/A	N/A	N/A	0/0	0/0
Mr. Yu Lu	6/8	N/A	N/A	N/A	0/1	0/1
Mr. Ding Zhigang (resigned on 6 January 2026)	5/8	N/A	N/A	N/A	0/1	0/1
Ms. Guo Lei	7/8	N/A	N/A	N/A	1/1	1/1
Mr. Victor Yang	7/8	2/4	2/2	2/2	0/1	0/1
Ms. Lo Wan Man	7/8	4/4	2/2	2/2	1/1	0/1
Mr. Zou Heqiang	7/8	4/4	N/A	N/A	1/1	0/1

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledged their responsibility for overseeing the risk management and internal control systems of the Group and for reviewing its effectiveness and adequacy.

In order to safeguard the Group's assets, effectiveness of business operation, ensure the reliability of financial report that the Company employs in its business or releases to the public and ensure compliance with relevant laws and regulations, the Company has established the risk management and internal control systems and conducts regular reviews of the effectiveness of such systems through the Audit Committee, executive management, functional departments, external advisers and external auditor. The risk management and internal control systems are designed to manage rather than eliminate the risk to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has developed and adopted different risk management procedures and guidelines with defined authority. All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial process, regulatory compliance and information security. The management, in coordination with department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress. The management monitors the assessment of the risk management and internal controls and reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems.

Since the Group did not have an internal audit function by itself, in reviewing the risk management and internal control systems by the Board, the Group has further engaged an external professional firm in view of facilitating the internal audit function. The professional firm is arranged to conduct internal audit on the Group every six months (who reports to the Audit Committee) with

CORPORATE GOVERNANCE REPORT

a view to facilitating adequate resources and quality review to satisfy the Group's internal audit function as required by the Stock Exchange and to assist the Board in identifying and assessing the risks through a series of interviews, and perform semi-annual reviews on the effectiveness of the Group's internal control systems. The reviews cover material controls including financial, operational and compliance controls at entity and operational levels. The Audit Committee and the Board have discussed and reviewed the relevant results of the review. The Group will continuously enhance its risk management and internal control systems according to findings therein and recommendations made to the Group.

The Group has established procedures in handling and dissemination of inside information in an accurate, secure and timely manner and to avoid possible mishandling of inside information within the Group.

The risk management and internal control systems are reviewed and assessed on an on-going basis by the Audit Committee and the Board, and will be further reviewed and assessed at least once each year by the Board.

Based on the risk management and internal control systems established and maintained by the Group, the internal audit findings, the reviews by external professional firm on internal audit of the Group, the review of the effectiveness of risk management and internal control systems performed by the management, the Audit Committee and the Board, the Board is of the view that the Group has maintained effective and adequate risk management and internal control systems during the year under review.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year under review.

The Group incurred a net loss of approximately RMB23,654,000 during the year ended 31 December 2025 and, as of that date, the Group had net current liabilities and net liabilities of approximately RMB18,842,000 and RMB54,187,000, respectively. As at 31 December 2025, the Group had total borrowings of approximately RMB179,049,000, of which RMB39,020,000 were recorded under current liabilities, while the Group had bank and cash balances of approximately RMB17,009,000. These circumstances indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern, and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position which include, but not limited to, the following:

- (a) The Group will continue to implement operational plans to control costs and generate sufficient operating cash flows to meet its current and future obligations. These actions include cost control measures and timely collection of outstanding receivables;
- (b) The Group is actively negotiating with the lenders for extension of repayment date of the other borrowings amounted to RMB29,806,000 due by December 2026;
- (c) The Company completed the rights issue in October 2025, which has improved its cash flow position obviously;

CORPORATE GOVERNANCE REPORT

- (d) The Group has been actively implemented measures to speed up the collection of substantial payments from customers; and
- (e) The Group considers to obtain additional funds by equity financing and bank loan facilities including but not limited to the possibility of capitalization of loans from shareholders and major creditors.

The Directors have reviewed the Group's cash flow projections prepared by the management. The cash flow projection cover a period of not less than eighteen months from the date of approval for the consolidated financial statements for the year ended 31 December 2025. Having taken into account the above-mentioned plans and measures, the Directors consider that the Group will have sufficient financial resources to meet in full its working capital requirements and financial obligations as and when they fall due within the next twelve months from the date of the consolidated statement of financial position. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

However, significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above.

Should the Group fail to achieve the above-mentioned plans and measures, it may be unable to continue as a going concern, and adjustments would have to be made to write down the carrying value of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

The statement of the auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 91 to 93.

Material Uncertainty on Going Concern

As set out in note 2 to the consolidated financial statements, the Group incurred a net loss of approximately RMB23,654,000 during the year ended 31 December 2025 and, as of that date, the Group had net current liabilities and net liabilities of approximately RMB18,842,000 and approximately RMB54,187,000, respectively.

As at 31 December 2025, the Group had total borrowings of approximately RMB179,049,000, of which RMB39,020,000 were recorded under current liabilities, while the Group had bank and cash balances of approximately RMB17,009,000. As stated in note 2, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The Disclaimer of Opinion issued by the auditor was primarily attributable to temporary limitations in obtaining sufficient audit evidences regarding (i) the pending written approval and execution of the loan extension agreements, and (ii) the successful execution of the shareholder's loan agreements, including the fund injection to the Group, to substantiate the feasibility and likelihood of successful implementation of the relevant plans and measures proposed for the remediation to mitigate the Group's current liquidity pressures and financial constraints, thereby enabling the Group to continue as a going concern in the foreseeable future. In the absence of such supporting documentation and evidence, the Auditor was unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the assumption of going concern as the basis of accounting in preparing the consolidated financial statements for the year ended 31 December 2025, which resulted in the issue of the Disclaimer of Opinion.

As detailed in the Note 2 to the consolidated financial statements, in view of these, the directors of the Company have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern.

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The Company have prepared the Group's cash flow projections which cover a period of eighteen months from the end of the reporting period up to 30 June 2027, and remains confident that the Group will have sufficient financial resources to satisfy its future working capital requirements and meet its financial obligations as they fall due within the next eighteen months from the date of approval of these consolidated financial statements.

Accordingly, the consolidated financial statements have been prepared on a going concern basis. The Management acknowledges and understands the basis of the difference in assessment between the Management and the Auditor as to the Group's ability to operate as a going concern, and the Management remains confident in the Company's ability to successfully implement the proposed plans and measures and to operate the Group as a going concern.

The detailed discussion in relation to the Disclaimer of Opinion are disclosed under the "Management Discussion and Analysis" section as set out on pages 11 to 14 of the Annual Report and note 2 of the Independent Auditor's Report as set out on page 101 to 102 of this report.

AUDITOR REMUNERATION

The independence of the external auditor is monitored by the Audit Committee which is primarily responsible for making recommendations to the Board on the appointment of the external auditor as well as approving their terms of engagement and remuneration.

The remuneration paid to the external auditor of the Company, Rongcheng (Hong Kong) CPA Limited, in respect of audit and non-audit services provided to the Group during the year under review was analyzed below:

Service Category	Fees paid/ payable RMB
Audit services	1,060,000
Non-audit services — interim services	180,000
	1,240,000

COMPANY SECRETARY AND PRIMARY CONTACT OF THE COMPANY

The Company engaged Ms. Chau Hing Ling ("**Ms. Chau**"), the executive director of Corporate Services of Vistra Corporate Services (HK) Limited (a company secretarial service provider), as the company secretary of the Company. Ms. Chau has the necessary qualifications and experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Zhao Luyi is the executive Director of the Company, who acts as the primary contact person of Ms. Chau.

In compliance with Rule 3.29 of the Listing Rules, Ms. Chau undertook not less than 15 hours of relevant professional training to update her skills and knowledge during the year ended 31 December 2025.

SHAREHOLDERS' RIGHTS

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

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Convening an Extraordinary General Meeting and Putting Forward Proposals at General Meetings

Extraordinary general meetings may be convened by Directors on requisition of one or more Shareholders holding, at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such requisition shall be made in writing to the Board or the Company Secretary of the Company by mail to Units 4004–5, 40th Floor, Cosco Tower, 183 Queen's Road Central, Hong Kong, to require an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Units 4004–5, 40th Floor, Cosco Tower, 183 Queen's Road Central, Hong Kong
(For the attention of the Company Secretary)

Email: ir@risecomm.com.hk

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the 2026 AGM held on 18 June 2026, Directors (or their delegates as appropriate) were available to meet Shareholders and answer their enquiries.

Shareholders' Communication Policy

The Company has adopted a shareholders' communication policy (the "**Shareholders' Communication Policy**"), the details of which are summarised below:

The Board will maintain an on-going dialogue with the Shareholders and will review the Shareholders' Communication Policy regularly to ensure its effectiveness.

Information will be communicated to the Shareholders through the Company's financial reports, annual general meetings and other general meetings that may be convened, as well as all the disclosures submitted to Stock Exchange.

Effective and timely dissemination of information to the Shareholders will be ensured at all times. Any question regarding the Shareholders' Communication Policy will be directed to the Company Secretary of the Company.

CORPORATE GOVERNANCE REPORT

Shareholders' Enquiries

The Board will maintain an on-going dialogue with the Shareholders and will review the Shareholders' Communication Policy regularly to ensure its effectiveness.

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

Shareholders will be provided with designated contacts, email addresses and enquiry telephone number of the Company in order to enable them to make any query in respect of the Company.

Corporate communication

Corporate communication will be provided to the Shareholders in plain language and in both English and Chinese versions to facilitate the Shareholders' understanding. Shareholders have the right to choose the language (either English and Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means).

Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

Corporate website

A dedicated Investor Relations section is available on the Company's website at www.risecomm.com.cn. Information on the Company's website is updated on a regular basis.

Information released by the Company to the Stock Exchange is also posted on the Company's website immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents etc.

All presentation materials provided in conjunction with the Company's annual general meeting and results announcement each year will be made available on the Company's website.

All press releases and Shareholders' newsletters will be made available on the Company's website.

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Shareholders' meetings

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.

Appropriate arrangements for the annual general meetings will be in place to encourage Shareholders' participation.

The process of the Company's general meeting will be monitored and reviewed on a regular basis, and if necessary, changes will be made to ensure that Shareholders' needs are best served.

Board members, in particular, the chairmen of the Board committees or their delegates, appropriate senior management and external auditors will attend annual general meetings to answer Shareholders' questions.

Shareholders are encouraged to attend Shareholders' activities organized by the Company, where information about the Company, including its latest strategic plan, products and services will be communicated.

Shareholder Privacy

The Company recognizes the importance of Shareholders' privacy and will not disclose Shareholders' information without their consent, unless required by law to do so.

Review of the Shareholders' Communication Policy

The Company highly values the view and comments of the Shareholders and relevant stakeholders to the Company and would invite the Shareholders and relevant stakeholders to communicate with the Company by employing the means mentioned in this report. In view of the above Shareholders' communication means and measures adopted by the Company, the Board is of the view that the Shareholders' Communication Policy implemented during the year under review was sufficient and effective.

CONSTITUTIONAL DOCUMENTS

The Company did not made any changes to its constitutional documents during the year ended 31 December 2025.

Dividend Policy

The Company has adopted a Dividend Policy on payment of dividends. Details are set out in Directors' Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

The Group is pleased to present the Environmental, Social and Governance Report (the “**Report**”). The purpose of the Report is to disclose to investors and other stakeholders the Group’s strategies, policies and performance in the areas such as environmental protection, climate change management, corporate management, talent training, supply chain management, social responsibility, social welfare undertakings for the year ended 31 December 2025 (the “**Reporting Period**” or “**2025**”).

REPORTING PERIOD AND SCOPE

Information contained in this Report covers the period from 1 January 2025 to 31 December 2025, which is consistent with the financial year covered by the Group’s Annual Report 2025. Its main business operation areas include Beijing, Guangdong, Jiangsu, Hunan and Hong Kong, China.

The Report is prepared in both Chinese and English versions. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

BASIS OF PREPARATION

This Report is prepared in accordance with Appendix C2 of the Listing Rules — “Environmental, Social and Governance Reporting Code” (the “**ESG Reporting Code**”) based on the principles of materiality, quantitative, balance and consistency, and has complied with the “mandatory” and “comply or explain” provisions as set out in the Listing Rules. The data disclosed in this Report are from the Company’s official documents and statistical report.

REPORTING PRINCIPLES

The reporting principles of Materiality, Quantitative, and Consistency have been adopted as a basis for the preparation of the Environmental, Social and Governance (“**ESG**”) Report.

Materiality:

The Group has implemented a materiality assessment based on the effective engagement with its various stakeholders through different channels. The standardised assessment showed that ESG issues such as climate risk and opportunities, emission reduction, energy saving, and health and safety are highly important to the Group in its ESG management. The Group will disclose information about climate-related risks and opportunities that could reasonably be expected to affect its cash flows, its access to finance or cost of capital over the short, medium or long term. Through this process, the Group pays particular attention to these issues to meet the expectations of stakeholders.

Quantitative:

Quantitative reporting was primarily reflected under the environmental disclosure of greenhouse gas (GHG) emissions, treatment of exhaust gases, and in the section titled “Use of Resources” in this Report in terms of KPIs. The Group has applied this principle in reporting the Group’s employment structure by age, gender, geographical area, and employee category in accordance with the social aspect of employment. Quantitative information is further accompanied by descriptions where appropriate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Consistency:

The Group has adopted a consistent methodology and reporting framework to allow for meaningful comparisons over years.

REPORTING BOUNDARY

The Report covers major operations and the administrative offices of the Group in Mainland China and Hong Kong. Its main business operation areas include Beijing, Guangdong, Jiangsu, Hunan and Hong Kong, China. The Group believes this clear boundary can provide sufficient and relevant scope for the Report from the perspective of materiality.

OBJECTIVE OF THE REPORT

The Group believes that the integration of ESG and climate related considerations into the Group's business operation has become an integral part of the Group's corporate development strategy. Meanwhile, it also focuses on fostering closer connection with its stakeholders, listening to their voices, working openly with partners to overcome challenges, caring for and growing with employees, and taking on more social responsibilities, in order to seek continuous improvement.

HOW TO OBTAIN THE REPORT

The Report is part of the Group's annual report and is available on the Group's website. For more information about the Group, please visit <http://www.risecomm.com.cn>.

CONTACT METHOD

The Group attaches great importance to the valuable opinions of stakeholders and welcomes suggestions on the Report or on the Group's overall performance on sustainable development, please contact us by email at ir@risecomm.com.hk.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE GROUP

The Group, is a high and new technology enterprise ("**HNTE**") which engages in scientific research, product development and the provision of technical services. The Group's business operation areas include Beijing, Guangdong, Jiangsu, Hunan and Hong Kong, the PRC. The Group's production, R&D and sales businesses are mainly carried out by its various subsidiaries, namely Risecomm WFOE, Risecomm Beijing Comm, Risecomm Wuxi, Beijing Jiangxinchuangda Technology Co., Ltd., Beijing Hongten Weitong Technology Co., Ltd. and Jiangsu Anyi Engineering Management Co., Ltd.. As a high technology enterprise driven by R&D, Risecomm WFOE is honoured as a National HNTE, Shenzhen HNTE and National Integrated Circuit Design Enterprise.

Based on smart manufacturing, the Group uses the power line chip design as the source, and form the strategic layout of smart grid and smart energy management applications in parallel. With its advanced R&D strength and ample industry experience, the Group provides three major businesses to the market. Firstly, through Power Line Communication ("**PLC**") technology, the Group provides: (i) Automatic Meter Reading ("**AMR**") and other business including provision of design, development and sale of PLC-products, energy saving and environmental protection products and solutions used in streetlight control, building energy management, photovoltaic power management, and providing maintenance services in connection with the development and upgrading of AMR systems by power grid companies in the PRC; (ii) Smart Manufacturing In Automotive ("**SMIA**") business including sales of software license, production safety products, construction contracts as well as the provision of software post-contract customer support services in connection with the smart manufacturing and industrial automation system applied in the petroleum and petrochemical industries; and (iii) WFOM ("**WFOM**") business including the support operation of wind power facilities, technical support, equipment inspection, performance optimization, and regulatory compliance management to enhance the reliability and efficiency of wind farm operations.

There are major changes in energy management and control and energy usage pattern in the PRC and even the world which presents huge social responsibility and development opportunities for energy conservation and emission reduction. The Group has stayed true to its original aspiration to actively fulfill its corporate social responsibility while achieving leapfrog development and sustained innovation, takes into account the various factors of sustainable development in the formulation and management of enterprise strategies and strives for a full understanding of the social and environmental impacts of measures and decisions before their implementation.

GOVERNANCE STRUCTURE

Board Statement

Environmental issues are of growing concern. In fact, climate change will be the most important challenge over the next decade. The Board is fully obliged to do its part to help. The Board has ultimate and overall responsibility for the Group's ESG strategy and reporting. The Board continues to steer the Group towards environmentally and socially responsible business through its governance structure and the maintenance of oversight over material ESG issues.

The governance structure has an ESG working group, comprised of professionals from various departments and led by a designated executive director, to collect and analyse data from operation level and market data; identify, prioritise and manage material ESG-related issues; and implement the relevant ESG policies in the Group. The designated executive director reports on material ESG matters to the Board for review and formulation of strategy through the merging of top-down approach and bottom-up approach. The Board reviews the sustainability performance against ESG-related goals and targets which relate to its business annually to monitor and inform the Group's actions so as to reduce carbon footprint of the Group significantly within the next five years. For details on climate governance, please refer to the section headed "Climate Change".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDERS ENGAGEMENT

In addition to tireless efforts taken in business operation in providing returns for shareholders and protecting investors' interests, the Group has maintained effective communication with relevant stakeholders through various channels and paid particular attention to their feedbacks, in order to get a better understanding of their expectation and areas of concerns, which allows the Group to make appropriate improvement and implementation so as to further improve sustainable development strategy and reinforce the Group's contribution to society.

Stakeholders	Engagement Channels	Expectations
Government and Regulatory Authorities	— On-site inspection and checking — Research through work conferences, work reports preparation and approval submission — Information release on HKExnews and company's website, such as annual reports, interim reports and announcements	— Compliance with laws and regulations — Making tax payment, conducting operation in accordance with laws, under government supervision and evaluation — Participating in the formulation of industry standards — Promoting economic development and employment
Shareholders and Investors	— Annual general meeting and other shareholder meetings — Information release on HKExnews and company's website, such as annual reports, interim reports and announcements — Meeting with investors and analysts	— Return on investment — Information disclosure and transparency — Protection of interests and fair treatment of shareholders
Employees	— Meetings — Trainings, seminars and briefing sessions — Cultural and sports activities — Intranet and emails	— Protection of rights and interests of employees — Comfortable working environment — Career development opportunities and self-realization — Occupational health and safety
Customers	— Websites and brochures — Emails and customer service hotlines — Feedback forms — Regular meetings — Industry exhibitions	— Safe and high-quality products — Stable cooperation — Information transparency — Integrity — Business ethics
Suppliers and Business Partners	— Regular meetings, supplier conferences, phone calls and interviews — Review and assessment	— Long-term partnership — Honest cooperation, fairness and openness — Information resources sharing — Quality of supply — Reduction of business risks
Peer and Industry Associations	— Industry conferences and meetings — Site visits and field trips	— Experience sharing — Fair competition — Cooperation
Society and the Public	— Volunteering activities — Charity and social investment	— Community participation — Social responsibilities — Provision of career opportunities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

On the basis of previous years' stakeholder survey, the Group conducted several communications with various stakeholder representatives in 2025, including group discussions, telephone interviews and so on, in order to understand the stakeholders' concerns and expectations. The Group believes that the annual stakeholder communication is to help enterprises identify priorities and important work contents in areas where improvement is needed. It also expects to understand what the Group needs to improve from the results of each communication, and give a more targeted response in the Report in order to continuously improve the Group's reputation.

The following table is a summary of the Group's material ESG issues contained in this Report:

ESG Reporting Guide	Material ESG Issues	Materiality to the Group		
A. Environmental		Low	Medium	High
A1. Emissions	Harmful Exhaust Gas and Greenhouse Gas (“GHG”) Emissions	✓		
	Sewage Reduction	✓		
	Hazardous and Non-hazardous Waste	✓		
A2. Use of Resources	Energy Saving			✓
	Water Saving			✓
	Environmentally Friendly Packaging Materials		✓	
A3. The Environment and Natural Resources	Assist Customers in Energy Saving and Emission Reduction			✓
	Creating a Green Office Environment			✓
	Supplier with Environmental Protection Concepts			✓
	Climate Change Risk and Opportunities			✓
A4/Part D.	Climate Change			
B. Social		Low	Medium	High
B1. Employment	Protection of Employees Rights and Interests			✓
	Benefits and Rewards			✓
	Advocating Work-life Balance			✓
B2. Health and Safety	Safe Production			✓
	Occupational Health Training			✓
B3. Development and Training	Training Management			✓
B4. Labour Standards	Prevention of Child or Forced Labour	✓		
B5. Supply Chain Management	Supply Chain Management			✓
	Transparent Procurement		✓	
B6. Product Responsibility	Quality Control			✓
	Green Products			✓
	Intellectual Property Rights			✓
	Privacy Protection			✓
B7. Anti-corruption	Anti-corruption			✓
B8. Community Investment	Community Investment			✓

The Group is a fabless R&D oriented PLC technology company specialized in the design, development and sale of proprietary PLC-related SOC IC, modules, devices and solutions. The Group adopts fabless production model, under which, instead of in-house manufacturing IC chipsets, it sources IC chipsets, as its main raw materials, from IC chipsets suppliers which provide ASICs based on its proprietary design it developed. Unlike general manufacturing enterprises, the Group assembles its products with the adoption of fabless production model, which greatly reduces the negative impacts on the environment during the course of operation and production.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL PROTECTION

With the development of the world industrial revolution and the rapid development of economy and technology, human society has begun to enter a new era, but at the same time, our environment has suffered unprecedented damage. In the 21st century, environmental problems have become a severe challenge for the world. Therefore, the Group has always regarded environmental protection as a prerequisite for the steady development of enterprises, so it shoulders the important mission of “sustainable development” and strives to ensure the ultimate goal of legitimate and compliance operation. The Group respects and conserves nature, strictly complies with national laws, regulations and standards, takes the initiative to consider the impact of decision-making and activities on the environment as a whole, and strives to achieve a harmonious coexistence with the environment.

For the year ended 31 December 2025, the Group did not have any violation of relevant local environmental laws and regulations in relation to exhaust gas and GHG emissions, water and land discharge, and the generation of hazardous and non-hazardous wastes that have a significant impact on the Group, including but not limited to “Environmental Protection Law of the People’s Republic of China” (中華人民共和國環境保護法), “Water Pollution Prevention Law of the People’s Republic of China” (中華人民共和國水污染防治法), “Atmospheric Pollution Prevention and Control Law of the People’s Republic of China” (中華人民共和國大氣污染防治法), “Law of the People’s Republic of China on Prevention and Control of Pollution From Environmental Noise” (中華人民共和國環境噪聲污染防治法) and “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste” (中華人民共和國固體廢物污染環境防治法).

Emissions

The Group has obtained the ISO14001 environmental management system certification, which indicates that its operation and management of R&D, production and sales have achieved internationally recognised standards. The Group has also formulated the Waste Management Policy to establish regulations and guidance on waste disposal and manage and monitor the effectiveness of targeted measures for different kinds of waste. Moreover, it acts in accordance with the “Control Procedures for Monitoring and Measurement of Environment, Occupational Health and Safety”, and regularly engages inspection bodies to conduct accurate monitoring of emissions and provide monitoring reports, so as to keep abreast of the Group’s performance in environmental protection and formulate measures for improvement.

For the year ended 31 December 2025, the Group did not receive any notice or warning on pollution in respect of its production, nor had the Group been subject to any fines, penalties or other legal actions by government agencies in the PRC resulting from any non-compliance with any environmental protection laws and regulations in the PRC.

GHG emissions

The Group’s production activities mainly use electricity to maintain machine operation, general lighting and indoor temperature control etc. As such, the main source of its carbon emission is GHG generated from electricity consumption. Meanwhile, its products are energy-saving and environmentally-friendly. The Group has installed its self-developed air conditioner controllers and energy-saving control switches in all office areas and plants. Such on-site application allows backstage control of the usage of lighting and air-conditioners and thus effectively saves electricity resources. The Group has promoted this series of energy-saving products to its customers and have achieved the desired energy-saving effect.

The Group’s direct GHG emissions (Scope 1) source from fuel consumption by the Group’s vehicles which are mainly used in the provision of AMR maintenance services. During the year under review, the Group estimates that there will be a trend of decrease in market demand for the Group’s AMR maintenance services which is performed and based on narrowband products following the transition of market demand from narrowband to broadband technology, the Group therefore had disposal of as well as reduced utilization of its motor vehicles which were involved in the performance of AMR maintenance services. Therefore, the vehicle utilization rate has dropped as compared to 2024, resulting in the decrease in direct GHG emissions (Scope 1) by approximately 27% from 19.56 tCO₂e in 2024 to 14.29 tCO₂e in 2025.

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The Group's indirect GHG emissions (Scope 2) source from purchased electricity in association with power consumption for the Group's operation. During the year under review, due to energy saving measures implemented, the Group recorded a decreased consumption of purchased electricity as compared to 2024, resulting in the decrease in indirect GHG emissions (Scope 2) from 129.59 tCO₂e in 2024 to 45.74 tCO₂e in 2025.

As a result, the Group's total GHG emissions (scope 1 and 2 only) have decreased by approximately 60% from about approximately 149.15 tCO₂e in 2024 to 60.03 tCO₂e in 2025.

GHG Emissions Indicator ¹	Unit	2025	2024
Direct GHG emissions (Scope 1) ²	tCO ₂ e	14.29	19.56
Indirect GHG emissions (Scope 2) ²	tCO ₂ e	45.74	129.59
Total GHG emissions (Scope 1 and 2)	tCO ₂ e	60.03	149.15
Indirect GHG emissions (Scope 3) ²	tCO ₂ e	0.17	N/A
Total GHG emissions (Scope 1, 2 and 3)	tCO ₂ e	60.20	N/A
GHG emissions (Scope 1 and 2) Intensity ³	tCO ₂ e/turnover (RMB'000)	0.00065	0.0012
GHG emissions (Scope 1, 2 and 3) Intensity ³	tCO ₂ e/turnover (RMB'000)	0.00065	N/A

Notes:

- GHG emission data are presented in terms of carbon dioxide equivalent, with reference to, including but not limited to, the reporting requirements of "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, latest released emission factors of China's regional power grid basis (which was revised to 0.5306), the emission factor released by the Hong Kong Electric Investments and "Global Warming Potential Values" from the IPCC Sixth Assessment Report, 2021.
- Scope 1: Direct GHG emissions from vehicles owned by the Group.
Scope 2: Indirect GHG emissions from the generation of purchased electricity consumed by the Group.
Scope 3: Indirect GHG emissions from value-chain, which only included business travel for the year ended 31 December 2025
- For the year ended 31 December 2025, the Group's turnover was approximately RMB92,323,000 (2024: RMB122,298,000).

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Treatment of exhaust gases

The Group's main air pollutant are vehicle exhaust gases emission and welding fumes produced in welding work stations.

Immaterial amount of fumes is produced during welding and will be discharged into high-altitude air after being collected and filtered according to the requirements from the environmental protection authority in the PRC. Discharging pipes are installed above each welding work station of production lines in the assembly hub in Hunan. Welding gas will be sucked into the pipes and discharged into high-altitude air after being filtered and purified. The Group has established a routine maintenance system. Discharging pipes in the factories are regularly cleaned.

The Group estimates that there will be a trend of decrease in market demand for the Group's AMR maintenance services which is performed and based on narrowband products following the transition of market demand from narrowband to broadband technology, the Group therefore had disposal of as well as reduced utilization of its motor vehicles which were involved in the performance of AMR maintenance services. Therefore, the vehicle utilization rate has dropped as compared to 2024, resulting in the decrease in emission of exhaust gases. For the year ended 31 December 2025, the Group's vehicle exhaust gases emission was as follows:

Types of Emission	Unit	2025	2024
Sulphur oxides	Tonnes	0.0001	0.0001
Nitrogen oxides	Tonnes	0.0042	0.0070
Particulate Matters	Tonnes	0.0003	0.0005

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Sewage reduction

The Group does not generate industrial sewage as water is not required in its production process. Sewage generated by the Group is mainly domestic sewage, which will be discharged to municipal sewage system after primary treatment in regional septic tank, and then undergone advanced treatment in regional sewage treatment plant. The Group has also renovated its water-saving tanks installed in washrooms and carried out other measures to reduce domestic sewage discharge. For the year ended 31 December 2025, the performance of sewage reduction was as follows:

Types of Sewage	Unit	2025	2024
Domestic sewage	Cubic meters	356.0	927.3
Intensity	Cubic meters/turnover (RMB'000)	0.004	0.008

Hazardous and non-hazardous wastes

Production Department

The Group strictly complies with the national regulations governing the management of electronic waste equipment, promotes the recycling and reuse of waste products, and reduces the rate of waste disposal. The solid wastes are mainly lead-free tin slag, metal and plastic waste, waste packaging materials and other recyclable wastes produced during the production process, as well as office waste generated during operation process, fluorescent lights and disposed batteries, a small amount of defective devices and semi-finished scrapped devices. The Group's general waste is contracted to professional recyclers for centralized recycling. Hazardous wastes are handed over to departments qualified for hazardous wastes disposal and registered with the Environmental Protection Bureau. Due to the Group's business nature, the Group does not have any hazardous waste electronics and generate any significant hazardous waste discharge in the daily operations.

The Group has a strict classification system for different types of wastes. Wastes are stored, handled and recorded separately. Waste bins are set up according to the type of wastes and are placed in appropriate areas. Wastes generated by each department are classified and throw into designated waste bins according to the "Waste Management Requirements", and engaged qualified recyclers for disposal. The Group has also put much efforts on recycling and reusing general or valuable components and parts (such as universal chip on printed circuit board) to reduce the impacts on nature.

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Office Areas

Recyclable wastes are recycled, while hazardous wastes (e.g. end-of-life fluorescent lights and batteries) are collected in specific site, which will then be handed over to outsourced parties with appropriate qualification for disposal after reaching a certain amount.

The Group promotes the use of various electronic mobile office software to reduce paper usage. Electronic mobile system such as the R&D projects “Product Life Cycle Management” and “Enterprise Resource Planning” were used for approval procedure, which further expanded the paperless network and the coverage of mobile office. Paperless systems were established for internal communications such as employee learning and development. As a result, the amount of paper used in the office has been reduced and the results are satisfactory. In addition, declaration and approval process is performed on the OA system. Most of the internal approval processes have become paperless, which will control the amount of paper used in the office. For the year ended 31 December 2025, the Group’s non-hazardous waste discharge performance is summarized as follows:

Types of Wastes	Unit	2025	2024
Total amount of non-hazardous wastes	Tonnes	0.1	0.26
Intensity	Tonnes/turnover (RMB'000)	0.000001	0.000002

Use of Resources

Energy saving

The Group acknowledges that every enterprise should work towards the trend of low-carbon operation. The Group has been committed to environmental protection and invested substantial capital and human resources in environmental protection, striving to provide smart energy saving and emission reduction management solutions for the global market with PLC technology, and application of which includes streetlight control, building energy management and photovoltaic power management. Meanwhile, it has always been devoting efforts to efficient use of energy in order to strike a balance between corporate development and environmental protection.

During the year under review, the Group estimates that there will be a trend of decrease in market demand for the Group’s AMR maintenance services which is performed and based on narrowband products following the transition of market demand from narrowband to broadband technology, the Group therefore had disposal of as well as reduced utilization of its motor vehicles which were involved in the performance of AMR maintenance services. Therefore, the vehicle utilization rate has dropped as compared to 2024, resulting in the decrease in petrol usage. Purchased electricity mainly represents power consumption by the Group for its operations. During the year under review, the Group recorded a decreased consumption of purchased electricity as compared to 2024 due to a shift in operational priorities and streamlining of certain business activities during the year. Based on the above, the overall energy consumption decreased by approximately 53% from approximately 291,880.15 kWh in 2024 to 138,106.97 kWh in 2025. The Group’s energy consumption for the year ended 31 December 2025 is as follows:

Types of Energy	Unit	2025	2024
Petrol ⁴	kWh	51,901.97	80,312.28
Purchased electricity	kWh	86,205.00	211,567.87
Total	kWh	138,106.97	291,880.15
Intensity	kWh/turnover (RMB'000)	1.50	2.40

Note:

4. Actual petrol consumption in 2025 and 2024 were approximately 5,355.49 liters and approximately 8,287.00 liters.

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Energy efficiency

The Group adopts its self-developed building energy management system to centralize the management of its internal air conditioners in a planned manner and remotely control the temperature and switching time of the working environment, which effectively reduces wear and tear and extend the service life of air conditioners. In 2025, these enhancement projects have allowed it to efficiently reduce energy usage of air conditioning system as well as the entire floors and cut down carbon dioxide emissions of the Group.

Water saving

As always, internal energy-saving education to its employees is continuously carried out to develop the awareness of conservation. For example, once the water pipeline leakage was discovered, timely reporting and repairing would be carried out. Visual saving slogans for water-saving, energy-saving and paper-saving are posted in the area of office, pantry and toilet to raise environmental awareness of employees. The Group did not face any issues in sourcing water fit for its purposes in 2025.

The Group has been strived to promote environmental protection and raise employees' awareness of environmental protection, with reasons mentioned in the "Sewage reduction" section. Therefore, overall water consumption has been decreased by approximately 61% from approximately 927.3 cubic meters in 2024 to approximately 356.0 cubic meters in 2025.

Water Consumption	Unit	2025	2024
Water consumption	Cubic meters	356.0	927.3
Intensity	Cubic meters/turnover (RMB'000)	0.004	0.008 ⁵

Note:

5. Due to enhancement in data calculation mechanism, the data has been restated.

Environmentally friendly packaging materials

The Group has reduced the use of materials and prioritized recyclable and reusable materials without impairing the packaging quality. Also, the Group has increased the reuse rate of packaging materials, which greatly reduced the actual usage of packaging materials. For example, the Product Assembly Hub in Hunan adopted reusable plastic materials in production cycle and temporary storage packaging, which significantly reduced the wastage on packaging cartons. Furthermore, in terms of product design, plastics have been replaced by recyclable aluminium alloy for certain products in order to reduce the damages to the environment.

During the year under review, the number of products sold increased in 2025 as compared to 2024 due to the increase in sales in the Group's AMR and other business segments. As a result, the usage of PE plastic bag and other packaging material increased. The types of packaging materials used by the Group during the year under review are as follows:

Types of Packaging Material	Unit	2025	2024
PE Plastic Bag	Tonnes	0.190	0.110
Pearl cotton	Tonnes	0.000	0.000
Paper	Tonnes	0.45	N/A

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The Environment and Natural Resources

Assisting customers in energy conservation and emission reduction

The Group continues to save energy, improve energy efficiency and reduce the pressure of energy use on the environment. Through its self-developed PLC technology and in-depth integration with the new generation of information technology such as the Internet of Things, big data and cloud computing, the Group strives to provide users with integrated energy management solutions and equipment and develops the Internet of Things for energy, with a view to facilitate energy conservation and emission reduction, while providing a safe, comfortable and efficient working environment. Many of its customers have started to adopt the Risecomm Building Energy Management Equipment extensively in workshops, dormitories, offices, and indoor work and study space in schools. Compared with that before the installation of the system, the energy saving effect is significant.

Creating a green workplace

In 2025, the Group, according to its pre-determined schedule, implemented the concept of green environmental protection in the operation of office areas, focusing on improving the office environment, which aims at reducing the emissions of its own office operations and improving the efficiency of the use of resources and energy. In terms of emission reduction awareness, the Group has continued to organise “Walking for health” activities to encourage employees to embrace low carbon footprint travel. There is no significant waste of natural resources in the Group’s business. It also introduces energy-saving equipment in its office, such as multi-functional photocopiers (with printing, scanning and fax functions) that meet efficiency standards to promote green office and reduce energy consumption.

Supplier with environmental protection concepts

In 2025, the Group uses established principles to select suppliers and gives priority to printing materials with green concepts. Using recycling paper to print companies’ leaflets, albums, greeting cards, etc., and also work with printers and advertising companies with environmental protection concepts. In order to implement the environmental awareness and social responsibility requirements to all suppliers as a whole in terms of supply of production materials, the Group has formulated the relevant system, “Procurement Management Process”, and also gives priority to suppliers who comply with national environmental standards and environmentally conscious suppliers when selecting suppliers.

The nature of the Group’s business is itself concerned with limiting the harmful effects on the environment that energy use can have, as demonstrated by the Risecomm Building Energy Management Equipment which has been widely used. Therefore, the impact of the Group’s activities on the environment and natural resources are limited and mainly includes only the use of vehicles producing exhaust gases emissions and the consumption of electricity and office paper.

For the actions taken to manage them, please refer to the subsection titled “Creating a green workplace” within the section “The Environment and Natural Resources”.

The Group has set the environmental-related targets, such as emissions targets, waste reduction targets, energy use efficiency targets, and water efficiency targets as reducing the intensity (by revenue) by 1% in 2030, compared with the base year of 2025. The Group will review such targets progress at least on an annual basis.

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Climate Change (Part D)

Phased Approach to Climate-related Disclosure

In accordance with the Part D of the ESG Reporting Code, the Group has adopted a phased implementation approach for its climate-related disclosures for the Reporting Period. While we provide full transparency on Governance and Risk Management, we have applied specific implementation reliefs for several quantitative metrics to ensure that the information we eventually disclose is accurate and meaningful.

Application of Reliefs

The Group has applied the following reliefs as permitted by the Exchange:

- Financial Effects Relief: We provide qualitative assessments of climate impacts. Quantitative financial data is currently omitted.
- Capabilities Relief: Our climate resilience is assessed through qualitative scenario analysis rather than complex financial modeling, as this is more commensurate with our current resource allocation.
- Reasonable Information Relief: Part of the value-chain data (such as certain categories of Scope 3 GHG emissions) is not disclosed this year, as it cannot currently be obtained without undue cost or effort.

Considered Reasons for Phased Disclosure

The Group's current reporting systems are primarily focused on operational performance. At present, our internal accounting and data collection frameworks do not yet isolate climate-specific financial expenditures with sufficient precision for external audit. Furthermore, we are currently focused on ensuring the accuracy of our Scope 1 and 2 emissions before expanding our reporting boundary to include more complex Scope 3 or quantitative financial projections.

Future Roadmap

The Group is committed to the continuous enhancement of our ESG reporting standards. Our path toward more granular disclosure involves the following steps:

- Phase 1 (Short Term): We will continue to monitor developments in industry-specific carbon accounting standards and review our internal data collection processes to identify potential gaps.
- Phase 2 (Medium Term): We intend to evaluate the feasibility of integrating climate-related information into our financial reporting systems and explore methods for engaging with our primary and/or key suppliers regarding their carbon footprints.
- Ongoing: We will periodically assess our technical capabilities and resource requirements to determine when a transition to quantitative financial disclosure would be most appropriate and reliable for our stakeholders.

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Governance

Board Oversight of Climate-related Risks and Opportunities

The Board holds primary responsibility for the oversight of climate-related risks and opportunities. This oversight is integrated into the Group's broader ESG governance framework to ensure a cohesive strategy.

The Board determines the necessary climate-related competencies through annual reviews of the ESG Working Group's technical capacity. It ensures that internal teams have the skills to analyze the impact of climate change on our reportable segments including (a) AMR and other business, (b) SMIA business and (c) WFOM business. Where gaps are identified, the Group commits to professional development or engaging external ESG consultants to stay abreast of laws and regulations including IFRS S2 standards and HKEX regulatory shifts. The Board and the ESG Working Group are informed about climate-related risks and opportunities at least annually during the formal ESG Review Meeting, or more frequently if significant regulatory changes or physical climate events (e.g., supply chain disruptions) occur.

The Board incorporates climate factors into its oversight of the Group's strategy and major transactions. This includes evaluating trade-offs, such as the higher initial investment in energy-efficient R&D and manufacturing equipment versus the long-term benefit and opportunities of decarbonization and enhanced product competitiveness in a "green" power grid market. The Board, through the ongoing support of ESG Working Group, oversees the setting of Greenhouse Gas ("GHG") emission reduction and energy efficiency targets. Progress is monitored semi-annually. Currently, the Group does not explicitly link climate-related performance metrics to executive remuneration policies. However, the Board reviews operational efficiency and sustainability progress as part of the overall assessment of management's organizational performance.

Management's Role in Climate Governance

The Board has delegated the day-to-day management of climate risks to the ESG Working Group, which is composed of senior management from key functional departments (including R&D, Operations, and Finance). This collective management approach ensures that climate risks are not siloed but addressed across all business lines. The ESG Working Group and relevant functional management utilizes a standardized departmental data reporting system to monitor energy consumption and GHG emissions. These controls are integrated into the Group's internal risk management and financial reporting functions, ensuring that climate-related data (such as energy intensity in manufacturing) informs both operational adjustments and target progress monitoring.

Strategy

Climate-related risks and opportunities

Climate change affects people and businesses globally and the Group cannot ignore the impacts thereof. To understand the resilience of our business model, the Group has identified the following significant climate-related issues and has formulated action policies to limit the effects of climate change as far as possible. The Group has defined its climate-related time horizons in alignment with our strategic R&D cycles and financial planning, which is short-term as 1 to 3 years, medium-term as 3 to 10 years and long-term as beyond 10 years.

Business Model and Value Chain

The Group's value chain encompasses design, development and sale of power line communication products, procurement of electronic components, assembly and testing of smart meters and automation modules, and sales and technical support for power utilities and industrial clients. Climate-related risks and opportunities are concentrated in specific areas of its business model and value chain. Physical risks such as floods, cyclones and extreme heat are concentrated in its production facilities and R&D centers in the PRC and its upstream IC supply chain. Transition risks are concentrated in its product portfolio which could require higher energy efficiency and manufacturing operations with exposure to energy price volatility and carbon regulations. Conversely, opportunities are concentrated in its PLC and WFOM segments, where its technology acts as a critical enabler for the global and national transition to smart, low-carbon power grids.

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Strategy and Decision-Making

The Group has integrated climate-related considerations into its core strategic planning and resource allocation to ensure long-term viability. In response to the identified transition risks, the Group has strategically shifted its resource allocation toward the R&D of energy-efficient PLC solutions and WFOM business. These efforts serve as both mitigation and adaptation in response to the national carbon-neutral policy change. Currently, the Group does not maintain a formal, standalone climate-related transition plan. However, our business and product roadmap is fundamentally aligned with the PRC's national decarbonization goals, and we continuously evaluate the necessity of a formal transition plan as market and regulatory requirements evolve.

Over the past reporting period, the Group has successfully met its milestones such as expanding its business in WFOM business and increasing the proportion of “Dual-mode” modules in our product mix and launch of other solutions, which has directly enhanced its climate resilience.

Financial Position, Performance, and Cash Flows — Current and Anticipated financial effect

The Group only provides qualitative information regarding current and anticipated financial effects of a climate-related risk or opportunity as the Group determines that the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful. Therefore, the Group would not provide quantitative information. Furthermore, capabilities relief is adopted for not disclosing quantitative anticipated financial effect of a climate risk or opportunity.

The Group expects a positive shift in anticipated financial performance and cash flows as the national transition to smart grids increases the total addressable market for our products and its WFOM business also benefits from the national decarbonization and green energy market initiative. For the details (including current financial performance) relating to AMR and other business and WFOM business, please refer to the sections headed “Management Discussion and Analysis” and “Segment Information” of its Annual Report 2025. Further financial analysis and internal discussion are still underway, we plan to disclose financial-related impact of current and anticipated climate-related risks and opportunities in future reports, where appropriate and applicable. For other relevant qualitative information, please refer to the subsequent section for details.

Climate Resilience: Scenario Analysis

To assess the resilience of its business model, the Group has utilized a range of climate scenarios aligned with international frameworks during the Reporting Period. This analysis covered both physical risks and transition risks, with screening and assessment performed for each risk category. To better determine and analyse the potential physical and transition risks that the Group may face, it utilises climate scenarios including the Shared Socio-economic Pathways developed by the Intergovernmental Panel on Climate Change (“**IPCC**”) and the climate scenarios of the Network of Central Banks and Supervisors for Greening the Financial System (“**NGFS**”). This approach allows us to gain a better understanding of the resilience of its climate strategies and the potential impacts on core operations under various climate change projections, thereby further enhancing our ability to address climate change. These scenarios were chosen because they provide a “stress test” for main drivers in terms of transition and physical: the pace of state grid modernization, regulatory and customer preference change, the operational continuity of our PRC-based facilities.

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Physical Risk	Low risk scenario	High risk scenario
Climate scenario	SSP 1-1.9	SSP 5-8.5
Scenario description	• Rapid global phase-out of fossil fuels. Net-zero global carbon dioxide emissions by around 2050. Renewable energy becomes dominant, with widespread electrification. • Large-scale afforestation • Rapid development and implementation of low-carbon technologies, including energy storage, hydrogen, and carbon capture and storage. • Extensive global cooperation, stringent and effective climate policies, consumer behaviour shifting towards low-carbon alternatives. • The SSP1-1.9 scenario is specifically aligned with the latest international agreement on climate change (the Paris Agreement) to limit global warming to 1.5°C above pre-industrial levels.	• Reliance on abundant, globally connected fossil fuel resources. • Active technological innovation, but primarily focused on energy extraction and consumption efficiency rather than low-carbon alternatives. • No effective global carbon pricing or stringent international climate agreements. • Global income disparities narrow and investment in human capital increases.
Expected temperature rise	With a temperature rise of less than 2°C in 2100.	With a temperature rise of 4.4°C in 2100.

Transition Risk	High risk scenario	Low risk scenario
Climate scenario	Net Zero 2050	Current policies
Scenario description	• Implement stringent climate policies immediately, with global carbon dioxide emissions reaching net zero around 2050. • Carbon prices reached elevated levels as early as 2020 (approximately US\$100 per tonne of CO₂ equivalent) and continued to rise rapidly. Thus increased the costs of carbon-intensive goods and services, transforming consumption and production patterns. • Carbon Dioxide Removal (“CDR”) technologies are deployed to accelerate decarbonisation, though their scale is constrained by sustainability limitations.	• Currently implemented policies are preserved without adding any new emission reduction commitments or measures. • Slow change to technology, fossil fuels remain dominant in the energy system and renewable energy growing but insufficient to disrupt the existing system. • Carbon pricing is low, failing to effectively promote deep decarbonisation.
Expected temperature rise	With limit global warming to below 1.5°C (50% probability) in 2100.	With a temperature rise of more than 3°C in 2080.

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We assess the potential impacts of climate risks on the Group's production and operational activities in the PRC, the level of risk impact, and the Group's mitigation measures based on climate scenarios. The potential climate-related risks faced by the Group are set out below:

Physical Risk:

Risk Description	Potential Impact	Risk Level — SSP1-1.9	Risk Level SSP5-8.5	Time Horizon	Mitigation Strategy
Typhoons may cause extensive flooding, facility and infrastructure damage, operation and supply chain disruption, which can lead to significant financial impact.	— Loss of revenue due to service disruptions — Increased operational expenses due to impact on typhoon preventative preparation and flooding. — Damage to assets and Increasing repairing costs	Low	Medium	Medium to Long-term	The Group will prioritize developing contingency plans, securing premises and equipment against extreme weather damage, and may potentially diversify operational locations or methods to ensure resilience and protect financial stability
Sustained higher temperatures over time or extreme heat waves may potentially lower employees' productivity and result in higher energy costs for cooling infrastructure.	— Increased operational costs due to decrease in employee productivity — Increased operational costs of cooling.	Low	Low	Long-term	The Group has considered long-term adaptation strategies, such as investing in energy-efficient cooling systems, exploring flexible operating hours, and potentially adjusting training schedules or content to accommodate extreme heat, all aimed at safeguarding operational efficiency and financial performance in a warmer climate.

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Transition Risk:

Risk Description	Potential Impact	Risk Level — Net Zero 2050	Risk Level Current Policies	Time Horizon	Mitigation Strategy
Tightening of global and the PRC environmental and climate-related laws (e.g., "China's Policies and Actions on Climate Change").	- Increased cost of capital and cost of compliance if ESG performance lags; - Higher raw material prices for non-green components.	Medium	Low	Short to Medium	The Group will maintain a sound financial management system to buffer cost spikes and ensuring strict compliance via annual legal assessment.
Customer demand for products with higher compatibility and lower energy footprints.	- Risk of revenue loss if the products could not meet new interconnection standards or energy efficiency ratings as required or expected by the client or latest industry standard - Higher cost of research and development for new products with lower energy footprints or higher compatibility.	Medium	Low	Short to Medium	The Group will prioritize its research and development effort in the new higher compatibility which fit to the future market demand and closely monitor the trend and market needs.

Note: The analysis assumes that (1) the PRC would not change or delay its carbon-neutral targets and actions, (2) the demand for PLC-enabled smart meters will grow proportionally with the electrification of the Chinese economy.

On the other hand, the Group has also identified climate-related opportunities that enhance its market share in the green economy, revenue and cashflow as well as access to finance:

- Smart Grid Support: As the global power grid transitions to renewable energy, our Automated Meter Reading (AMR) and PLC products are essential for energy efficiency.

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- Wind Farm Operation and Maintenance (WFOM) Support: The Group provides specialized technical support, equipment inspection, and performance optimization for wind power facilities. As China accelerates its transition to a “new power system” based on renewable energy, the demand for professional maintenance of aging and new wind assets is growing rapidly.
- Operational Efficiency: Transitioning from traditional vehicles to electric vehicles for any necessary fleet and utilizing energy-efficient equipment in the operation.

The Group’s assessment of its climate resilience confirms that its strategic positioning is fundamentally aligned with the transition to a low-carbon economy. From a strategy implication perspective, the transition scenario necessitates an accelerated R&D roadmap to ensure our product portfolio remains compliant with tightening energy-efficiency benchmarks and “Green Grid” requirements. Concurrently, under the physical scenario, the Group is committed to enhancing the structural and operational resilience of our physical infrastructure to mitigate the risk of operation disruptions caused by extreme weather events.

The Group recognizes that significant areas of uncertainty exist regarding the national decarbonization policies and evolving technical specifications of PRC-based “Green Grid” regulations; such shifts may require rapid, capital-intensive pivots in our product engineering. Notwithstanding these uncertainties, the Group maintains a robust capacity to adapt by leveraging our R&D-centric business model. Our “asset-light” approach allows for the Group with a distinct competitive advantage in responding to climate-driven technological shifts more efficiently than asset-heavy manufacturing counterparts.

Risk Management

Climate-Related Risk Management Processes

The Group has incorporated climate-related risk and opportunity considerations into its daily operations and its enterprise risk management system. The processes used to identify, assess, prioritize, and monitor climate-related risks are integrated with the Group’s overall risk management framework, with management responsible for identifying and addressing sustainability-related (including climate-related) risks and opportunities.

Inputs and Parameters

The climate-related risk management process utilises specific inputs and parameters to identify, assess, prioritise, and monitor risks tied to the business strategy and operations. Key data sources include PRC national energy policy updates, electricity consumption record from its facilities, and supply chain information. The scope of operations covered includes facilities and offices in China and Hong Kong.

Use of Scenario Analysis

As disclosed in the section headed “Climate Resilience: Scenario Analysis”, the Group conducted climate scenario analysis in 2025, utilising scenarios from the IPCC (SSP1-1.9, SSP5-8.5) and NGFS to better understand potential physical and transition risks. The outcomes of this scenario analysis inform the identification of climate-related risks and are integrated into the Group’s risk assessment processes.

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Assessment of Nature, Likelihood, and Magnitude

To assess climate-related risks, the Group evaluates both qualitative factors (such as regulatory trends and operational exposure) and quantitative thresholds which are relating to the Group's business operations for the Reporting Period.

Prioritisation of Risks

Climate-related risks are prioritised alongside other enterprise risks based on their assessed likelihood and potential impact. Given our business nature and R&D profile, transition risks (technology and policy shifts) are prioritized over physical risks as they have a more direct impact on our competitiveness.

Monitoring of Risks

Climate-related risks are continuously monitored through regular review of the input data sources described above. The ESG Working Group conducts semi-annual review of climate KPIs, regulatory developments and operational incidents, reporting directly to the Board.

Changes from Previous Reporting Period

This is the first reporting period in which the Group has formally conducted climate scenario analysis and expanded its risk management processes to include the specific inputs and parameters described above. No other significant changes were made to the risk management processes compared with the previous reporting period.

Climate-Related Opportunities Identification Process

The processes for identifying climate-related opportunities are aligned with the Group's strategic planning and market monitoring activities. Management monitors market trends, including shifts in consumer preferences towards low-carbon mobility and policy incentives. Opportunities are assessed based on their potential to enhance the Group's market positioning, operational efficiency, and long-term resilience. As with risk identification, scenario analysis outcomes inform the identification of opportunities, particularly those arising from the transition to a low-carbon economy.

Integration with Overall Risk Management

The processes for identifying, assessing, prioritising, and monitoring climate-related risks and opportunities are integrated into the Group's enterprise risk management system. Climate-related considerations are incorporated into business decision-making and approval processes, including investment planning and capital expenditure decisions. This integration ensures that climate-related factors are considered alongside other enterprise risks and opportunities in the Group's development and strategic planning.

Metrics and Targets

The Group has established quantitative targets across five key areas: air emissions, GHG emissions, waste management, energy consumption, and water resource usage. We regularly monitor and disclose these climate-related key performance indicators (KPIs), reporting progress annually to ensure transparency and comparability. In addition, we evaluate the effectiveness of our climate initiatives using scientific data, providing a strong foundation for future strategic adjustments and supporting the Group's sustainable development.

Given that our business model depends on collaboration with suppliers and upstream and downstream value chain partners, Scope 3 emissions are expected to represent a significant portion of the Group's carbon footprint. Based on our business activities, the Group's Scope 3 emissions are anticipated to comprise both upstream and downstream activities, including but not limited to: purchased goods and services (Category 1), upstream and downstream transportation and distribution (Categories 4 and 9), waste generated in operations (Category 5), and business travel (Category 6). The Group has disclosed the GHG emission from business travel at the first stage. The Group is currently evaluating other data availability and working to further calculate and disclose its Scope 3 emissions. These will be disclosed in future reports once the methodology is finalised and data collection is complete.

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Further to the environmental targets set out in the earlier sections, the Group has considered reducing GHG emissions intensity and energy consumption intensity as primary climate-related target to demonstrate its commitment to sustainability. The target are designed to align our operations with the transition towards a low-carbon economy and to mitigate climate-related risks over the short, medium, and long term.

Our targets are set by considering the PRC's carbon-neutral target by 2060 and the Paris Agreement to limit warming to 1.5°C. Targets are reviewed by the ESG Working Group on a semi-annual basis. At this stage, targets have not been validated by a third party, though the Group ensures data integrity through internal audit checks. The Group focuses on gross emissions targets and does not plan to use carbon credits to achieve any net-zero targets, prioritizing direct operational decarbonization instead.

Target Metric	Objective	Base Year	Target Year	Type
GHG Intensity	Mitigation by 1%	2025	2030	Intensity (per revenue)

(Scope 1, Scope 2 and Scope 3 (business travel only))

Financial Information on Climate-related Transition Risks, Physical Risks and Opportunities

Reasonable information relief is adopted for non-disclosure of the amount and percentage of assets or business activities vulnerable to climate-related transition risks, physical risks and opportunities as we could not obtain reasonable and supportable information that is available to the Group without undue cost or effort. We will explore the feasibility of expanding the scope in the future, where applicable.

Capital Deployment

During the Reporting Period, the Group did not identify any material capital deployment specifically directed toward mitigating climate-related risks. However, the Group remains committed to monitoring its operational impact and will continue to evaluate the necessity of dedicated investments in climate resilience and energy efficiency as part of its long-term sustainability strategy.

Remuneration

We do not factor climate-related considerations into our remuneration policy. Our current compensation structure does not incorporate incentives or adjustments based on environmental performance metrics or carbon pricing directly influencing staff pay. Such factors are considered part of overall operational strategy but not remuneration policy accordingly.

Internal Carbon Price

The Group does not currently apply an internal carbon price to its operations or investment decisions. Given the nature of our business and the current scale of our emissions profile, the Group has determined that the adoption of an internal carbon price is not considered a material or necessary tool for driving emission reductions at this stage. The Group will continue to evaluate the appropriateness of internal carbon pricing in future periods as regulatory frameworks evolve and our climate strategy develops.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SOCIAL RESPONSIBILITY

The Group takes initiative to fulfil its social responsibility in corporate development, insists on sustainable development, humanistic care and environmental protection and applied the concept of social responsibility consistently throughout the entire supply chain, and has created an efficient supply chain platform for mutual benefit and better carried forward corporate social responsibility on this basis. For the year ended 31 December 2025, the Group has established, continuously operated and updated, a strong social responsibility management system through the following initiatives.

Employment and Labour Practices

Employment

The Group puts the core values of “people-oriented” and “investing in people” into practice and emphasizes to have “mutual commitment” with its employees, incorporating the pursuit of individual employee into long term corporate development. Through sharing the growth with its employees, the Group develops its business together with the staff.

Analysis of human resources

As at 31 December 2025, the Group and its subsidiaries had total of 58 employees, 30 of whom were male and 28 were female, representing 52% and 48% of the total number of employees respectively. Among all employees, 6 employees held postgraduate degree or above, 31 employees held university degree and 21 employees were below degree level, representing 10%, 54% and 36% of the total number of employees respectively.

Breakdowns of the employees by gender, age group, geographical area and employee category as at 31 December 2025 are set out below:

Type of Employees	2025		2024	
	Number of employees	Approximate percentage of the total number	Number of employees	Approximate percentage of the total number
Total ⁶	58	100	67	100
By gender				
Male	30	52	34	51
Female	28	48	33	49
By age group				
Aged 30 or below	5	9	7	10
Aged 31-40	23	40	28	42
Aged 41-50	14	24	16	24
Aged 51 or above	16	27	16	24
By geographical area				
China	54	93	63	94
Hong Kong, China	4	7	4	6
By employee category				
General	22	38	11	16
Middle Management	11	19	30	15
Senior Management	25	43	26	39

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Type of Employees	2025		2024	
	Number of employees who left	Turnover rate	Number of employees who left	Turnover rate
Total	9	16%	88	131%
By gender				
Male	4	13%	63	183%
Female	5	18%	25	76%
By age group				
Aged 30 or below	2	40%	25	357%
Aged 31-40	5	22%	41	146%
Aged 41-50	2	14%	15	94%
Aged 51 or above	–	–	6	38%
By geographical area				
China	9	17%	87	138%
Hong Kong, China	–	–	1	25%

Note:

6 Except three part-time staff, all employees work in full-time base.

Protection of employees' right

Employees are the foundation of corporate development. The Group has been actively protecting the basic rights of employees. In terms of employment, the Company has strictly complied with "Labour Law of the People's Republic of China" (中華人民共和國勞動法), "Law of the People's Republic of China on the Protection of Rights and Interests of Women" (中華人民共和國婦女權益保護法) and other relevant requirements of the places where its overseas companies operate. The Group has also developed a human resources management system, with the Human Resources Control Procedures being established in a scientific and reasonable manner and applied in the areas of recruitment, promotion, remuneration, benefit, assessment, training, employee relations and communication etc. of the Company, so as to ensure the fairness of employment conditions, without discrimination in age, gender, place of origin, ethnicity, customs, religion, social hierarchy, physical disability, political affiliation and so on. Child labour and forced labour are explicitly forbidden.

Benefits and remuneration

The Group provides competitive remuneration and benefit for all employees and contributes to various kinds of social insurance in accordance with local policies, such as pension, medical care, work-related injuries, maternity, unemployment insurance and housing provident funds. In order to attract, retain and motivate employees, the Company conducts comprehensive assessment of employees according to annual performance appraisal. Key performance indicators of employees will be recorded through the system, and the management department will evaluate employees' performance based on the completion time and quality of work as well as their contribution to the Company. Performance assessment results are divided into 5 levels, and are in line with annual performance pay, bonuses, and promotions, thereby generating employees' enthusiasm for working.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Encouraging work-life balance

As always, the Group attaches great importance to occupational health of each employee and strictly abides by national policies on holidays and working hours, encourages employees to balance work and life, and ensures that employees enjoy benefits such as sick leave, marriage leave, maternity leave and annual leave. It advocates entrepreneurial spirit in the Company, encourages the team to share their successful experience and happiness in office, and has established an “internal trainer” incentive scheme to encourage technological innovation and experience sharing. In addition, the Group has organized various types of entertainment and leisure activities for employees and established recreation and sports groups such as basketball club, badminton club, table tennis club and reading club, so as to enrich employees’ leisure time. Team activities and social activities are regularly organised as well, allowing employees to enjoy their lives in a stressful working atmosphere.

Caring for employees’ families

The Group cares about its employees not only in daily operation, but also the family of each employee. The Group presents gifts to employees on their birthday, wedding, death of relatives as well as traditional festivals. The “Family Day Trip” and “Family Visit Day” have been the Group’s events for showing care to its employees.

For the year ended 31 December 2025, the Group actively complied with requirements in “Labour Law of the People’s Republic of China” (中華人民共和國勞動法), “Labour Contract Law of the People’s Republic of China” (中華人民共和國勞動合同法) and other laws and regulations, and no major violation matters against human resources laws and regulations have been found.

Female employees’ rights

With respect to the protection of female employees’ rights, the Group also complies with the relevant state laws and regulations to provide its female employees in all branch offices around the country with a maternity leave of at least 98 days and maternity allowances. In the meantime, the Group also provides pregnant or breastfeeding female employees with suitable work positions, breaks and pregnancy-friendly facilities. Pregnant employees are entitled to paid maternity leave and lactating mothers are allowed to have 1 hour breast feeding leave per day. These initiatives allow them to continue to develop their career and professional skills at any time regardless of their physical conditions or family status.

Equal opportunity, diversity, and anti-discrimination

The Group incorporates the concepts of equal opportunity, diversity, and anti-discrimination into its organisational culture, which complies with relevant laws such as the Law of the People’s Republic of China on the Protection of Disabled Persons (中華人民共和國殘疾人保障法), Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong) and the Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong).

Recruitment is based on candidates’ relevant experience, qualifications, personalities, and comprehensive abilities. Training and promotion are also based on equal opportunities regardless of age, gender, place of origin, ethnicity, customs, religion, physical disability, and so on. The Group has zero tolerance for any kind of discrimination and harassment and aims to create a positive working environment, promotive of the concepts of equal opportunity, diversity, and anti-discrimination.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Health and Safety

The Group attaches great importance to the safety and health of its employees in the course of operation, and strives to create a safe and comfortable working atmosphere. The Group has purchased commercial insurance for employees who travel frequently and arranged health check-ups for employees regularly to ensure their physical and mental health.

The Group has built a clear organizational structure of safety production management and established a safety management committee. The Group fully applied the "ISO45001 Occupational Health and Safety Management System" and "ISO14001 Environmental Management System". Based on the actual condition of the Company, it has established a number of procedures and management documents in various categories, covering emergency management, fire control management, dangerous goods management, construction management, safety training and safety production inspection, so as to implement safety management in all aspects. At the same time, the Group has dedicated personnel to manage these systems and files, and conduct regular assessment, maintenance, updating and upgrading.

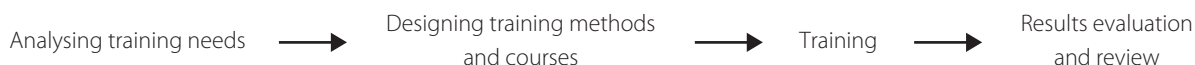
The Group has had no work-related fatalities and injuries for the past three years (including the reporting year). Accordingly, there was no loss of working day due to work-related injuries.

Safety seminars and drills

For the year ended 31 December 2025, the Group strictly enforced relevant laws and regulations such as "Labour Law of the People's Republic of China" (中華人民共和國勞動法), "Production Safety Law of the People's Republic of China" (中華人民共和國安全生產法), "Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases" (中華人民共和國職業病防治法) and "Fire Protection Law of the People's Republic of China" (中華人民共和國消防法). No violation against laws and regulations related to health and safety in the workplace have been found, and no cases of death due to work relationship and serious injuries at work occurred.

Development and Training

The Group has established the diversified career development paths to help staff development, which is expressly stated in the Human Resources Procedures, Training Management Measures, and Management Measures for Job Qualification and Performance Evaluation, and has implemented a continuous improvement model to promote training:



The Group's training methods include tutorials, meetings and discussions, technical exchanges and industry forums, information learning, etc. Employees can set goals and upgrade themselves according to their actual situation and get fair promotion.

In order to develop employees' potential and abilities to fulfil their duties and handle challenges in work, the Group has provided training for employees at all levels to help them to achieve self-improvement. The Group firmly believes that, every employee is its most precious asset. In terms of training contents, the Group has designed professional, general and project-based courses. Among these, professional courses are provided to employees working in R&D centre, sales centre, production centre, quality control, finance and various departments and positions. General courses and project-based courses cover a wider range of topics, including fire safety, occupational health and professional ethics. The Group designs different training programs for different levels of employees, for example, according to management level, it will design training targeted from the junior to the senior level.

The Group provides room for each employee to grow and develop, and sets up a proper training system to ensure that every employee in the Group will remain competitive and attractive in the highly competitive industry development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Breakdowns of the employee training by gender and employee category as at 31 December 2025 are set out below.

Employee training	Number of employees trained	Approximate percentage of employees trained	Hours of training	Average training hours completed per employee
By employee category				
General	17	77%	300	13.64
Middle Management	11	100%	298	27.09
Senior Management	3	12%	30	1.20
Total	31	53%	628	10.83

Employee training	Number of employees trained	Approximate percentage of employees trained	Hours of training	Average training hours completed per employee
By gender				
Male	30	50%	330	11.00
Female	28	57%	298	10.64
Total	31	53%	628	10.83

Labour Standards

The Group employs staff in accordance with “Labour Law of the People’s Republic of China” (中華人民共和國勞動法), “Labour Contract Law of the People’s Republic of China” (中華人民共和國勞動合同法), “Special Rules on the Labour Protection of Female Employees” (女職工勞動保護特別規定) and “Regulations of the Shenzhen Special Economic Zone on the Promotion of the Harmonious Labour Relationship” (深圳經濟特區和諧勞動關係促進條例), actively complies with relevant labour laws and regulations, safeguards the labour interests of employees, creates a safe and stable working environment, ensures workplace hygiene and safety and properly takes care of employees’ physical and mental health.

The Group strictly prohibits the employment of any child or forced labour in its business. The Group reviews its employment practices from time to time and inspects the employment status of suppliers and business partners to prevent potential irregularities. In addition, the Group requires employees to fill in the entry form and provide personal data (including resume, identity documents, academic certificates, career background check, etc.) in an honest manner upon joining. The Human Resources Department and the Project Office will review before hiring to ensure that the recruitment complies with regulations and laws.

The Group has set up a suggestion box to receive suggestions and complaints from all employees. If the Group is found to have violated the relevant laws such as the employment of child labour, the employment will be terminated immediately. If forced labour is discovered, the Group will investigate and impose appropriate penalties such as warnings, book warnings, demerits, termination of employment contracts, etc. If the interests of the Group is affected, the relevant personnel will be held responsible in order to protect human rights and assume social responsibility.

For the year ended 31 December 2025, the Group did not find any significant violations against laws and regulations relating to the prevention of child and forced labour.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES

Supply Chain Management

To better perform corporate social responsibilities, the Company has established a supply chain management system which is managed by the supply chain management team of the Group in a centralized manner. Suppliers are selected and evaluated on the basis of fairness, impartiality, objectivity and information transparency. All existing and potential suppliers will be informed of the requirements of the Group on the social responsibility of suppliers, so as to promote suppliers' greater commitment to social responsibilities and environmental protection awareness. The Company has developed the Supplier Management Procedures which provides detailed standards and requirements in terms of corporate social responsibility, quality management, environment management, occupational safety, intellectual property, materials management, quality control and other aspects. All suppliers are required to carry out their social responsibilities.

The Group has entered into quality assurance agreements with its suppliers, which set out the specific quality standards that suppliers must comply with and the passing rates required for quality inspection. The Group conducts internal checks on the raw materials received from its suppliers and delivers them for production afterwards. In particular, all the raw materials needed for outsourced production are purchased by the Group and passed its internal quality inspection before delivered to the outsourced manufacturers to ensure the quality of the raw materials of the products.

The following table shows the distribution of the Group's suppliers for the year 31 December 2025:

Supplier management process:



Selection and assessment

The Group emphasizes social responsibility during the resources collection, evaluation, selection and development process of suppliers under the premise of guaranteeing the quality and cost-performance, and prefers high-quality potential suppliers which comply with national requirements on environmental protection and social responsibility. The process is designed to guarantee equal opportunities for suppliers as well as fair and impartial evaluation and selection.

Supplier assessment is conducted by a team. A list specifying the scope of assessment is provided by category. In order to be qualified, a supplier must meet the requirements of the Company in respect of product quality, safety, environmental protection, management responsibility, social obligations and risk management. Its assessment team will assess and ascertain the qualification of supplier in an objective and fair manner and in strict compliance with the requirements of the process.

Based on the principle of "quality first, mutual benefits, joint development", the Group has built a solid foundation for win-win cooperation with its suppliers. The Group has the right to request for continuous quality improvement and the suppliers has the obligation to continuously improve the quality of their products.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Monitoring and improvement

The “Corporate Resources Planning”, “Supplier Management Procedures” and Supplier Database System allow the Group to conduct supplier management categorised by different supplies or different classifications of service qualification. The database system records suppliers’ comprehensive information on business registration, on-time delivery, quality level, price management and performance evaluation score, etc. The Group has adopted supplier resource sharing strategies to conduct joint tendering and centralized procurement for projects at different places, which enhances the quality of products and reduces the cost of procurement in a dramatic way.

The Group requires suppliers to establish comprehensive quality and environment management system with reference to ISO9001, ISO14001 and ISO45001. Its supplier quality assurance team will conduct regular review and evaluation on the suppliers’ level of attainment in respect of their implementation and management. Suppliers failed to meet its requirements will be required to make improvement and receive counselling for the establishment of comprehensive management system.

Regarding the products of the Group, except for a few products that require high soldering reliability, which use lead-based processes, all other products must meet environmental protection requirements. Therefore, the Group is required to pay attention to supplier qualifications regards supplier’s product environmental protection policy and process control, and the ability to inspect the content of harmful substances when selecting supplier. The supplier selection and review process are under the responsibility by the supply chain management department, the procurement of environmentally friendly materials from suppliers is managed according to the following procedures:

The Group’s supplier management engineer will send the “Supplier Environmental Management Substance Control System Checklist” to the suppliers for self-assessment. After the self-assessment is qualified, the supplier management engineer will conduct an on-site review of the effectiveness of the supplier’s environmental protection system management. The on-site review mainly reviews the implementation status of the supplier’s environmental protection goals, the environmental protection laws and regulations, and the management and programming of environmentally friendly materials control and procurement. After the supplier’s on-site review is qualified, the Group will sign a green environmental protection (RoHS) compliance commitment letter with the supplier as part of a supplier quality assurance agreement.

For all new materials, according to the requirements of the group’s new material sample storage and confirmation management regulations, suppliers must provide qualified samples and attach qualified third-party samples RoHs testing report. In the subsequent product supplies, the supplier must provide a qualified third-party RoHs test report every year (or when the Group requires it). The quality department is responsible for inspecting the incoming materials according to the requirements of incoming inspection specifications.

Transparent procurement

In respect of supply chain management and procurement, the Group has adhered to the philosophy of “transparent procurement”, and has also been committed to its environment management and social responsibilities, so as to ensure that the corporate social responsibilities are fulfilled throughout the process of supply chain management and procurement and such process is “fair, open and equitable”. Management personnel of suppliers are required to exercise strict self-discipline and supervise their subordinates to create an ethical business environment within the Company with self-awareness to protect and ensure that their team members who work with the Group are aware of and abide by the requirements of “transparent procurement”. Any form of bribery shall be prohibited, and any improper business practices or unethical behaviour shall be disclosed to the Group proactively.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Product Responsibility

The Group adheres to the principle that “Quality is the life of Risecomm and the dignity of every employee”. In order to constantly provide customers with satisfactory products and services, the Group has been devoting its efforts to establish and improve its quality management system. The Group places importance on the reliability of product design, failure analysis and comprehensive reliability verification. All products would undergo strict system testing before they are finalized. R&D, pilot production, mass production, pre-sale technical support and after-sales service are all carried out by specialized quality control personnel.

For the year ended 31 December 2025, the Group did not find any major violation against the health and safety, advertising, labelling and privacy of the products and services provided, and strictly complied with relevant laws and regulations, including but not limited to, “Product Quality Law of the People’s Republic of China” (中華人民共和國產品質量法), “Law of the People’s Republic of China on the Protection of Consumer Rights and Interests” (中華人民共和國消費者權益保護法), “Advertising Law of the People’s Republic of China” (中華人民共和國廣告法), “Copyright Law of the People’s Republic of China” (中華人民共和國著作權法), “Patent Law of the People’s Republic of China” (中華人民共和國專利法) and “Trademark Law of the People’s Republic of China” (中華人民共和國商標法), etc.

The Group has obtained the ISO9001 quality management system certification. The Group has also established a specialized quality control team responsible for carrying out quality control procedures based on the ISO9001 standard. The Group carries out quality control measures at various stages of the procurement and product manufacturing process. All suppliers must undergo different inspections before the Group approves their engagement, including on-site examinations and assessments, as well as sample tests, to ensure that the raw materials purchased by the Group and services outsourced by the Group would meet its quality standards and customer’s product requirements.

The Group also regularly sends quality control personnel to outsourced manufacturers to perform standard quality control procedures and closely monitor outsourced production processes. For IC chipsets, upon receipt of IC chipsets from chipset suppliers, it will conduct a series of internal inspections. For example, its warehouse and procurement personnel will first check the quantity and model of the IC chipsets, and its quality control team will check the vacuum packaging, function and quality of the IC chipsets as well as related quality control reports provided by suppliers. Any inferior products identified during the acceptance process will be returned to the supplier. For the year ended 31 December 2025, no sold or shipped products are subject to recall for safety and health reasons and the Group did not receive any products and services related complaints.

The Group has set up a communication station for customer products and services, and customers can give feedback on product quality and service issues at any time through telephone, email, and corporate WeChat. Each product of the Group has a full-time customer service engineer, which is managed by the marketing department.

When receiving customer feedback, the customer service personnel will transfer the feedback to the corresponding customer service engineer for further communication and confirmation with the customer. When the cause of the problem is related to usage, the customer service engineer will guide and solve it with the customer according to their requirements or remotely, and provide the customer with necessary technical support and service. After the problem is solved, the customer service personnel will contact the customer in time to see if they regard the problems have been solved satisfactorily.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

When the problem is related to product quality or service issue of the group, the customer is requested to report to the person in charge of the customer service of the Group. The customer service engineer and the quality management personnel will initially confirm the cause of the problem and transfer the problem to the relevant person in charge for analysis and handling. The quality management department is responsible for following up the progress of problem analysis and improvement, verification of improvement results, and responding to customer problem improvement countermeasure reports. The customer service engineer is responsible for following up the return and exchange of defective products, and completing the analysis of defective problems in a timely manner according to customer requirements, fulfilling the quality responsibilities and cost commitments stipulated in the quality agreement, and striving to improve customer satisfaction.

All customer feedback and complaints will be classified, analyzed and continuously improved by the quality department every month.

Product application and function problems caused by potential poor product design or process quality defects during sample testing, quality inspection and customer usage, or other problems (including technology, laws and regulations and emergencies) that affect the quality of delivered products or safety, according to the Group's "Unqualified Product Recall Management System", the quality department will convene relevant responsible personnel such as project, research and development, marketing, and legal counsel to evaluate the product quality risk level and determine the degree and scope of impact of defective products on customers to decide whether to initiate a recall of defective products.

If it is determined through review that a recall is to be initiated, the quality department is responsible for formulating a Product Recall Notice, specifying the reasons, methods, approaches, and handling methods for the recalled products. The marketing department negotiates with the customer, considers the impact on relevant parties of the recall, and chooses an appropriate way to release recall information, such as telephone, fax, email, media announcement, etc. The planning department traces the cause of the defect, and inform the marketing department to recall all relevant defective products in a timely manner.

The quality department is responsible for identification and classification of recalled products. According to the process of dealing with defective products, the quality department will complete the rework, repair and reliability testing of defective products, or scrap the defective products directly. After the recall activity is over, the quality department will compile the "Recall Product Analysis Report" as input for management review. The report should include the reasons for the recall, handling results, impact, problem improvement and preventive measures.

Its IC chipset inventory will be managed in accordance with the "first-in-first-out" policy. The Group will conduct quality reviews on IC chipsets aged over six months to ensure that the chipsets are qualified for production use. The Group also operates internal testing and quality control systems to ensure consistent quality of finished products and application of proprietary technologies. These procedures mainly include functional and product safety tests, as well as packaging inspections. Due to its business nature, the Group considers information relating to advertising and labelling is immaterial.

Green product

Provision of energy-efficient green products and solutions to reduce carbon emission is the main objective of product development of the Group. Its smart energy control products have been in compliance with the energy-efficient requirements throughout the development, production and delivery process. Through advanced technology, optimised design of standby function of products and streamlined product packaging, the Group has been improving the management of its energy-saving control system, enhancing management efficiency, and facilitating its operation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Intellectual property rights

In order to protect the intellectual properties of the Group, the Group has formulated the Management Measures for Intellectual Property to regulate the requirements of protection and supervision in accordance with the "Patent Law of the People's Republic of China" (中華人民共和國專利法), the "Detailed Rules for the Implementation of the Patent Law of the People's Republic of China" (中華人民共和國專利法實施細則) and the "Provisions of Patent of Guangdong Province" (廣東省專利條例), etc. Also, it has established an intellectual property rights management system in accordance with the national requirements under GB/T 29490-2013 "Enterprise Intellectual Property Management Practice" (企業知識產權管理規範), so as to protect the intellectual property rights of the Group.

As of 31 December 2025, the Group held an important intellectual property portfolio comprising different patents, computer software copyrights and registered IC layout designs, signifying the Group's achievements in R&D in PLC technology and the MSI of the petroleum and petrochemical industries.

Privacy protection

Furthermore, the Group places great importance to the privacy protection of customers, employees and suppliers, and is committed to maintaining and safeguarding its relevant information, including brand-related intellectual property and confidential information or any form of confidential information of potential property interests or economic value. At the same time, cooperating suppliers are required to sign relating provisions to prevent leakage of confidential information and prevent the relevant information from unauthorized use through appropriate technical means and processes. Any leakage of supplier or staff information will be strictly investigated and processed in accordance with the effective provisions signed or internal regulations.

The Group emphasizes on the protection of consumer data and privacy. Each new employee is required to sign an employment contract agreeing not to disclose the Group's confidential data, including consumer data and personal information, during or after employment without the Group's authorisation. The relevant policy is implemented and monitored by dedicated personnel.

Anti-corruption

In respect of staff management, the management and all employees in the Group are required to strictly follow the principle of "being a man of integrity and working with integrity" and comply with the "Code of Conduct for Employees", the "Management Rules of Motivation and Discipline", the "Management Rules of Anti-corruption and Reporting and Complaint" and related national laws and regulations. In the event that an employee's interests are found to be infringed as a result of internal frauds, unethical business practice, violation against laws and regulations or professional misconduct, complaints and reports may be made directly to the supervisor or relevant department.

In order to further prevent fraudulent practices, enhance the governance and internal control and protect the legitimate interests of the Group and shareholders, the Group has also created an email address specialized for reporting, through which employees may directly report illegal or irregularities in work or operation to the top management. Investigation will be taken to the extent permitted by laws.

Whistleblowing emails are managed by two designated management staffs for monitoring purposes. If a report case exists, management will conduct an investigation. If management believes that a criminal offence has been committed, it will report to law enforcement agencies where necessary.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For the year ended 31 December 2025, the Group has provided anti-corruption training to its directors and staff. Such training include “Management Rules of Anti-corruption and Reporting and Complaint” and “Management Procedures for Encouraging Employees to Declare Conflicts of Interest”. The total number of participants was 22 and the total number of training hours was 70.

Subsidiaries are required to strictly comply with the “Hong Kong Financial Reporting Standards” and strengthen random financial audit to prevent financial risks. Also, the Group has made its anti-corruption management requirements clear, expanded internal and external reporting channels and established a smooth and efficient management system to support employees to report directly on any suspected violation against integrity regulations. The identity of whistle-blower will be protected.

Supplier management

The Group requires its suppliers to include anti-bribery provisions in contracts so as to guarantee that their personnel (company employees, agents, negotiators or other designated personnel) will not make any direct or indirect bribery or other improper payments to the Group’s employees and not engage in activities which are in contravention with business ethics and the “Anti-unfair Competition Law” (反不正當競爭法) and other laws and regulations. If a supplier is found to have violated any laws or commitments in the contract, the Group has the right to terminate any transaction with the suppliers involved.

The Group has authorized the human resources department to set up reporting telephone hotline and email address for external parties (including suppliers and customers) and to monitor violation against laws or regulations which involves individual unlawful profits and damage to the Group’s reputable and economic benefits.

For the year ended 31 December 2025, the Group strictly complied with the relevant laws and regulations to prevent bribery, extortion, fraud and money laundering, including but not limited to, “Company Law of the People’s Republic of China (中華人民共和國公司法)”, “The Bidding Law of the People’s Republic of China (中華人民共和國招標投標法)”, “Criminal Law of the People’s Republic of China (中華人民共和國刑法)”, “Anti-Unfair Competition Law of the People’s Republic of China (中華人民共和國反不正當競爭法)” and “Interim Provisions on Banning Commercial Bribery (關於禁止商業賄賂行為的暫行規定)”. The Group was not aware of any case related to corruption and bribery. There are no concluded legal cases regarding corrupt practices brought against the Group or its employees.

Community Investment

Since its establishment, the Group has been actively devoted to social-charitable services. The Group bears in mind of its social responsibility in actively fostering good relationship with the communities where it operates and participates in the promotion of exchanges among enterprise in high-tech parks. However, as the Group reorganized its structure, the Group did not participate in charitable activities in 2025.

INDEPENDENT AUDITOR'S REPORT



TO THE MEMBERS OF RISECOMM GROUP HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Risecomm Group Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) set out on pages 94 to 171, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR DISCLAIMER OF OPINION

Material uncertainties relating to going concern

As set out in note 2 to the consolidated financial statements, the Group incurred a net loss of approximately RMB23,654,000 during the year ended 31 December 2025 and, as of that date, the Group had net current liabilities and net liabilities of approximately RMB18,842,000 and approximately RMB54,187,000, respectively.

As at 31 December 2025, the Group had total borrowings of approximately RMB179,049,000, of which RMB39,020,000 were recorded under current liabilities, while the Group had bank and cash balances of approximately RMB17,009,000. As stated in note 2, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

As set out in note 2 to the consolidated financial statements, the going concern basis of account preparation was based on assumptions and measures that the directors of the Company have been undertaking to improve the Group's liquidity and financial position including (i) successful implementation of cost control measures and business plans to improve the Group's operating results and cash flows; (ii) successful negotiation with the lenders for extension of repayment date of the other borrowings amounting to RMB29,806,000 due by December 2026; and (iii) successful obtaining new sources of financial resources as and when needed. The validity of the going concern assumptions on which the consolidated financial statements of the Group have been prepared depends on the outcome of these plans and measures.

Given the execution of the plans and measures by the Group is in progress and no written contractual agreements or other documentary supporting evidence from the relevant counterparties are available to the Group as at the date of approval for the issuance of the consolidated financial statements of the Group for extending the going concern assessment, we are unable to obtain sufficient appropriate audit evidence that we considered necessary to assess the likelihood of success of the plans and measures currently undertaken by the Group. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves regarding the appropriateness of the directors' use of the going concern basis of accounting and adequacy of the related disclosures in the consolidated financial statements of the Group.

INDEPENDENT AUDITOR'S REPORT

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets, including goodwill, property, plant and equipment, intangible assets not yet ready for use, and right-of-use assets to their recoverable amounts, to reclassify non-current assets as current assets, and to reclassify non-current liabilities as current liabilities. The effects of these adjustments, could be both material and pervasive, have not been reflected in the consolidated financial statements of the Group.

ACTION PLAN TO ADDRESS DISCLAIMER OF OPINION

The auditor of the Company did not express opinion on the consolidated financial statements of the Group for the year ended 31 December 2025 due to the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements. In order to address the issues, up to the date of this report, the Group has taken and will continue to implement the following measures (the **"Measures"**) under the Group's action plan to improve the Group's liquidity position, including:

- (a) The Group will continue to implement operational plans to control costs and generate sufficient operating cash flows to meet its current and future obligations. These actions include cost control measures and timely collection of outstanding receivables;
- (b) The Group has been actively negotiating with the lenders for extension of repayment date of the other borrowings amounted to RMB29,806,000 due by December 2026; and
- (c) The Group has been considering to obtain additional funds by equity financing and bank loan facilities to finance the Group's working capital.

The Board will continue to use its best endeavours to implement the Measures aimed at resolving the issues underlying the disclaimer of opinion and will publish further announcement(s) as and when appropriate.

AUDIT COMMITTEE'S VIEW ON THE DISCLAIMER OF OPINION

The Audit Committee has reviewed and agreed with the views and concerns of the independent auditor with respect to the disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 December 2025. The Audit Committee noted that the Board has undertaken or in the progress of implementing the Measures to improve the Group's liquidity position. As at the date of this report, the Board is not aware of any indication that any of the Measures cannot be completed. With reference to the cash flow forecast which is prepared upon the assumption that the Measures will be successfully implemented, the Board is of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next fifteen months from the date of approval for the consolidated financial statements for the year ended 31 December 2025. Accordingly, the consolidated financial statements for the year ended 31 December 2025 have been prepared on a going concern basis

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2025 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 27 March 2026

INDEPENDENT AUDITOR'S REPORT

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

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

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing as issued by the HKICPA, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the “Code”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Rongcheng (Hong Kong) CPA Limited

Certified Public Accountants

Leung Man Kit

Practising Certificate Number: P08413

Hong Kong
27 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	8	92,544	122,298
Cost of sales		(43,565)	(85,204)
Gross profit		48,979	37,094
Other income, gains and losses, net	10	(129)	(12,220)
Reversal of impairment/(impairment losses) on financial assets, net		7,038	(1,933)
Selling and marketing expenses		(17,887)	(20,098)
General and administrative expenses		(34,601)	(41,379)
Research and development expenses		(8,197)	(22,613)
Loss from operations		(4,797)	(61,149)
Impairment losses of intangible assets	22	(5,132)	–
Impairment losses on property, plant and equipment		(876)	–
Impairment losses on right-of-use assets		(88)	–
Finance costs	11	(8,222)	(11,086)
Loss before tax		(19,115)	(72,235)
Income tax expense	12	(4,539)	(1,308)
Loss for the year	13	(23,654)	(73,543)
Loss for the year		(23,654)	(73,543)
Other comprehensive income/(expenses)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		5,829	(3,270)
Other comprehensive income/(expenses) for the year		5,829	(3,270)
Total comprehensive expenses for the year		(17,825)	(76,813)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Loss for the year attributable to:			
Owners of the Company		(23,654)	(73,543)
Non-controlling interests		–	–
		(23,654)	(73,543)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		(17,825)	(76,813)
Non-controlling interests		–	–
		(17,825)	(76,813)
Loss per share attributable to owners of the Company			(Restated)
Basic and diluted (RMB cents)	18	13.32	67.51

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	19	12,101	14,570
Right-of-use assets	20	2,153	–
Goodwill	21	–	–
Intangible assets	22	99,154	113,039
Deferred tax assets	32	1,129	835
Total non-current assets		114,537	128,444
Current assets			
Inventories	24	1,381	11,335
Trade and other receivables	25	80,700	77,777
Restricted bank deposits	26	–	3,834
Bank and cash balances	26	17,009	15,183
Total current assets		99,090	108,129
TOTAL ASSETS		213,627	236,573
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	27	974	222
Reserves	29	(49,516)	(105,923)
		(48,542)	(105,701)
Non-controlling interests		(5,645)	(5,645)
Total deficit		(54,187)	(111,346)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income	30	480	627
Lease liabilities	31	1,531	–
Deferred tax liabilities	32	336	615
Contingent consideration	36	7,506	603
Borrowings	33	140,029	56,940
Total non-current liabilities		149,882	58,785
Current liabilities			
Trade and other payables	34	53,412	83,114
Contract liabilities	35	16,360	10,964
Borrowings	33	39,020	190,204
Lease liabilities	31	730	–
Income tax payables		8,410	4,852
Total current liabilities		117,932	289,134
TOTAL EQUITY AND LIABILITIES		213,627	236,573
NET CURRENT LIABILITIES		(18,842)	(181,005)

The consolidated financial statements on pages 94 to 171 were approved and authorised for issue by the board of directors on 27 March 2026 and are signed on its behalf by:

Zhao Luyi
Director

Ye Bailing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company						Non-controlling interest	Total deficit
	Share capital	Share premium	Capital reserve	Statutory reserve	Exchange reserve	Accumulated losses		
	RMB'000 (note 27)	RMB'000 (note 29(b)(i))	RMB'000 (note 29(b)(ii))	RMB'000 (note 29(b)(iii))	RMB'000 (note 29(b)(iv))	RMB'000	RMB'000	RMB'000
At 1 January 2024	222	408,553	131,466	21,899	12,145	(603,173)	(28,888)	(34,533)
Total comprehensive expenses for the year	-	-	-	-	(3,270)	(73,543)	(76,813)	(76,813)
Share options forfeited	-	-	(2,902)	-	-	2,902	-	-
Changes in equity for the year	-	-	(2,902)	-	(3,270)	(70,641)	(76,813)	(76,813)
At 31 December 2024	222	408,553*	128,564*	21,899*	8,875*	(673,814)*	(105,701)	(111,346)

	Attributable to owners of the Company						Non-controlling interest	Total deficit
	Share capital	Share premium	Capital reserve	Statutory reserve	Exchange reserve	Accumulated losses		
	RMB'000 (note 27)	RMB'000 (note 29(b)(i))	RMB'000 (note 29(b)(ii))	RMB'000 (note 29(b)(iii))	RMB'000 (note 29(b)(iv))	RMB'000	RMB'000	RMB'000
At 1 January 2025	222	408,553	128,564	21,899	8,875	(673,814)	(105,701)	(111,346)
Total comprehensive income/(expenses) for the year	-	-	-	-	5,829	(23,654)	(17,825)	(17,825)
Issue of shares by way of rights issue (note 27)	752	75,807	-	-	-	-	76,559	76,559
Share issue expenses	-	(1,575)	-	-	-	-	(1,575)	(1,575)
Changes in equity for the year	752	74,232	-	-	5,829	(23,654)	57,159	57,159
At 31 December 2025	974	482,785*	128,564*	21,899*	14,704*	(697,468)*	(48,542)	(54,187)

* These reserve accounts comprise the consolidated reserves of RMB49,516,000 (2024: RMB105,923,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(19,115)	(72,235)
Adjustments for:			
Finance costs	11	8,222	11,086
Depreciation of property, plant and equipment	19	1,345	2,484
Depreciation of right-of-use assets	20	572	3,679
Amortisation of intangible assets	22	8,753	7,483
(Gain)/loss on disposal of property, plant and equipment	9	(221)	88
Gain on derecognition of other borrowings		(2,710)	–
Fair value loss on contingent consideration		6,903	–
Allowance for impairment losses of financial assets, net		(7,038)	1,933
Impairment losses of property, plant and equipments		876	–
Impairment losses of right-of-use assets		88	–
Impairment losses of intangible assets		5,132	–
(Reversal of impairment)/impairment loss on inventories		(1,066)	5,289
Interest income from bank deposits	9	(379)	(253)
Loss on early termination of lease	9	–	587
Net foreign exchange gain	9	(1,446)	(1,884)
Operating cash flow before working capital changes		(84)	(41,743)
Decrease in inventories		11,020	5,666
Decrease in trade and other receivables		4,115	10,959
Decrease/(increase) in restricted bank balances		3,834	(3,834)
Decrease in trade and other payables		(28,376)	(2,439)
Increase/(decrease) in contract liabilities		5,396	(1,963)
Decrease in deferred income		(147)	(124)
Cash used in operations		(4,242)	(33,478)
Income tax paid		(1,554)	(447)
Net cash used in operating activities		(5,796)	(33,925)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	379	253
Net cash outflow from acquisition	–	(45,503)
Transaction costs from acquisition	–	(2,725)
Purchase of property, plant and equipment	(56)	(225)
Withdrawal of restricted bank balances	–	2,618
Proceeds from disposal of property, plant and equipment	525	–
Net cash generated from/(used in) investing activities	848	(45,582)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment for interest on other borrowings	(9,291)	(1,492)
Payment for interest on bank loan	(208)	(228)
Net proceeds from right issue	74,984	–
Other borrowing raised	6,309	57,935
Repayment of other borrowings	(61,546)	–
Bank loans raised	9,300	10,332
Repayment of bank loan	(13,418)	(4,937)
Interest on lease liabilities	(49)	(276)
Principal element of lease payment	(552)	(4,442)
Net cash generated from financing activities	5,529	56,892
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	581	(22,615)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	15,183	35,919
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	1,245	1,879
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	17,009	15,183
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balance	17,009	15,183

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

Risecomm Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 19 August 2015 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in China is 25/F, Block A, Building 8, Shenzhen International Innovation Valley, Xili Street, Nanshan District, Shenzhen, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 23.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which include all Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards (“**HKAS**”) and Hong Kong International Financial Reporting Interpretations Committee Interpretations, Hong Kong Interpretations and Hong Kong Standing Interpretations Committee Interpretations (collectively referred to as “**Interpretations**”), issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap.622).

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

Going concern basis

The Group incurred a net loss of approximately RMB23,654,000 during the year ended 31 December 2025 and, as of that date, the Group had net current liabilities and net liabilities of approximately RMB18,842,000 and RMB54,187,000, respectively. As at 31 December 2025, the Group had total borrowings of approximately RMB179,049,000, of which RMB39,020,000 were recorded under current liabilities, while the Group had bank and cash balances of approximately RMB17,009,000. These circumstances indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern, and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve the Group’s financial position which include, but not limited to, the following:

- (a) The Group will continue to implement operational plans to control costs and generate sufficient operating cash flows to meet its current and future obligations. These actions include cost control measures and timely collection of outstanding receivables;
- (b) The Group is actively negotiating with the lenders for extension of repayment date of the other borrowings amounted to RMB29,806,000 due by December 2026; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. BASIS OF PREPARATION *(Continued)*

Going concern basis *(Continued)*

- (c) The Group considers obtaining additional funds by equity financing and bank loan facilities to finance the Group's working capital.

The directors of the Company have reviewed the Group's cash flow forecast prepared by the management of the Company for a period covered not less than fifteen months from the date of approval for the consolidated financial statements. The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the next fifteen months from the date of approval for the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis for the year ended 31 December 2025.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Company will be able to implement the above-mentioned plans and measures. Whether the Group will be able to continue as a going concern would depend on the Group's ability to generate financial and operating cash flows through the following:

- (i) successful implementation of cost control measures and business plans to improve the Group's operating results and cash flows;
- (ii) successful negotiation with the lenders for extension of repayment date of the other borrowings amounting to RMB29,806,000 due by December 2026;
- (iii) successful obtaining of new sources of financial resources as and when needed.

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

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(a) Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the HKICPA for the first time for which are mandatorily effective for the Group's annual period beginning 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(Continued)

(b) New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7 — Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 — Contracts Referencing Nature — dependent Electricity	1 January 2026
Amendments to HKFRS 10 and HKAS 28 — Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKFRS Accounting Standards — Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027
Hong Kong Interpretation 5 — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. Additional disclosures required for the Group’s MPMs will be disclosed in a separate note to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair value at the end of the reporting period.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are entities, over which the Group has control. The Group controls an entity when it has the power over the investee; it is exposed, or has rights, to variable returns from its involvement with the entity and it has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Intragroup transactions and balances are eliminated in full on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Assets acquisitions

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

When the consideration transferred by the Group in an assets acquisition includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in an assets acquisition.

Contingent consideration that is classified as an asset or a liability is remeasured to fair value at each reporting date, and changes in fair value are recognised in profit or loss.

(c) Separate financial statements

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses. Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

(d) Goodwill

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), the functional currency of the Company is Hong Kong dollars. The Directors consider that choosing Renminbi as the presentation currency best suits the needs of the shareholders and investors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(e) Foreign currency translation *(Continued)*

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

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

(f) Property, plant and equipment

Property, plant and equipment, including buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Plant and buildings	5%
Leasehold improvements	20%–33.3%
Machinery and equipment	10%–20%
Office and other equipment	20%–33.3%
Motor vehicles	12.5%–25%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(g) Leases

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

(i) The Group as a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

The right-of-use asset comprises the initial measuring of the corresponding of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

(i) Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

- (i) fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- (ii) variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- (iii) the amount expected to be payable by the lessee under residual value guarantees;
- (iv) the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- (v) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(g) Leases *(Continued)*

(ii) The Group as a lessor

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

(h) Intangible assets

(i) Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development activities relating to the Group's non-automated meter reading ("AMR") business is recognised only if all of the following conditions are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Management intends to complete the intangible asset and use or sell it;
- There is ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available;
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Internally generated intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 5 years. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

(ii) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any impairment losses. The intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives from the date they are available for use and their estimated useful lives are as follow:

Software and other	3–10 years
Non-compete undertaking	5–7 years
Customer relationship	3–10 years
Service contracts	20 years
Unfulfilled contracts	2 years

Both the estimated useful life and method of amortisation are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such case, a corresponding receivable would also be recognised.

(k) Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on volatile organic compounds related assets under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under HKFRS 15.

The Group becomes entitled to invoice customers for construction of properties based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work signed by an assessor of the customers and an invoice for the related milestone payment. The Group recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(l) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(m) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments

Debt instruments held by the Group are classified and measured at amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(m) Financial assets *(Continued)*

Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and on hand, demand deposits with banks, and short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

(n) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issues costs.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has the right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(o) Revenue and other income

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

(i) AMR and other business

Revenue from the sale of goods is recognised at a point in time when the customer takes possession of and accepts the products.

Revenue from the maintenance services is recognised at a point in time when the service is rendered and control over the service is transferred to the customers upon customer's acknowledgement of service rendered.

(ii) Smart manufacturing and industrial automation ("SMIA") business

Revenue from the software licenses is recognised at the point in time when the license software is delivered and accepted by the customers. In cases where the Group allocates revenue to post-contract customer support, primarily because the support is provided at no additional charge, revenue is recognised as the support is provided, which is generally ratably over the service period of the related software.

(iii) Wind farm operation and maintenance ("WFOM") business

Revenue from WFOM services is recognised over time as the customer simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs.

(iv) Construction contract income and others

Revenue from construction contracts is recognised in accordance with the policy set out in note 4(k) above.

Interest income is recognised on a time-proportion basis using the effective interest method.

Rental income under operating leases is recognised in profit or loss over the periods covered by the lease term.

(p) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(q) Share-based payments

The Group issues equity-settled share-based payments to certain Directors and employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

(r) Borrowings costs

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

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

(s) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants are recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants relating to the purchase of assets are recorded as deferred income and recognised in profit or loss on a straight-line basis over the useful lives of the related assets.

(t) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(t) Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

(u) Impairment of non-financial assets

The carrying amounts of other non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss and other comprehensive income to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

Value in use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses for CGU are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for that asset/CGU in prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(v) Impairment of financial assets

The Group recognises allowances for impairment for ECL on trade receivables and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instruments. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(v) Impairment of financial assets *(Continued)*

Significant increase in credit risk *(Continued)*

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if:

- (i) the debt instrument has a low risk of default;
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; or
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulties of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(v) Impairment of financial assets *(Continued)*

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment loss or reversal of an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account.

(w) Provisions

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In applying the Group's accounting policies, which are described in note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Going concern basis

The directors of the Company make an assessment of the Group's ability to continue as a going concern when preparing the consolidated financial statements. In assessing whether the going concern assumption is appropriate, the directors of the Company take into account all available information about the future, which is at least, but is not limited to, twelve months from the date of approval of the consolidated financial statements. The degree of consideration depends on the facts in each case.

The Group is dependent upon future projections of the Group's cash inflows from operations and (i) the successful implementation of cost control measures and business plans to improve the Group's operating results and cash flows; (ii) the successful implementation of loan capitalisation of borrowings to reduce the outstanding liabilities and improve the Group's financial position; and (iii) the successful of carrying out fund raising activities to obtain financial resources as and when needed.

The directors of the Company believe the Group is able to continue as a going concern after taking into account future projections of the Group's cash inflows from operations and the successful implementation of above measures. Accordingly, the directors of the Company have prepared the consolidated financial statements on a going concern basis. An adverse change in any of the above conditions would require the consolidated financial statements to be prepared on an alternative authoritative basis and such basis, together with the fact that the consolidated financial statements are not prepared on a going concern basis, would need to be disclosed. If the Group were unable to continue as a going concern, adjustments relating to the recoverability and classification of recorded asset amounts or classification of liabilities may need to be incorporated in the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Income taxes

Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised, management judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

(b) Impairment of intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are stated at costs less accumulated amortisation and depreciation, and any impairment. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether any events have occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The carrying amount of intangible assets and property, plant and equipment as at 31 December 2025 were RMB99,154,000 (2024: RMB113,039,000) and, RMB12,101,000 (2024: RMB14,570,000), respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(c) Impairment of trade receivables and loan and other receivables

The management of the Group estimates the amount of impairment losses for ECL on trade receivables and loan and other receivables based on the credit risk of trade receivables and loan and other receivables. The amount of the impairment losses of trade receivables and loan and other receivables based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2025, the carrying amount of trade receivables and loan and other receivables is RMB75,444,000 (net of allowance for impairment of RMB71,255,000) (2024: RMB69,118,000 (net of allowance for impairment of RMB78,293,000)).

(d) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. Reversal of write-down of inventories of RMB1,066,000 was made for the year ended 31 December 2025 (2024: write-down of inventories of RMB5,289,000).

(e) Warranty provisions

The Group makes provisions under the warranties it gives on sale of its products taking into account the Group's recent claim experience. As the Group is continually upgrading its product designs and launching new models, it is possible that the recent claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currency, Hong Kong dollars and RMB, of the Group's entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise. The currency giving rise to this risk is primarily United States Dollars ("USD").

At 31 December 2025, if the RMB had weakened 5 per cent against the USD with all other variables held constant, consolidated loss after tax for the year would have been RMB2,000 (2024: RMB654,000) higher, arising mainly as a result of the foreign exchange loss on cash and bank balances and other borrowings denominated in USD. If the RMB had strengthened 5 per cent against USD with all other variables held constant, consolidated loss after tax for the year would have been RMB2,000 (2024: RMB654,000) lower, arising mainly as a result of the foreign exchange gain on cash and bank balances and trade and other payables denominated in USD.

(b) Interest rate risk

The Group's cash flow interest rate risk primarily relates to bank balances and borrowings. The Group's borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's exposure to cash flow interest-rate risk arises from its bank balances. These bank balances bear interests at variable rates that vary with the then prevailing market condition.

At 31 December 2025, if interest rates had been 100 basis points lower with all other variables held constant, consolidated loss after tax for the year would have been approximately RMB128,000 (2024: RMB129,000) higher, arising mainly as a result of lower interest income on bank balances. If interest rates had been 100 basis points higher, with all other variables held constant, consolidated loss after tax for the year would have been approximately RMB128,000 (2024: RMB129,000) lower, arising mainly as a result of higher interest income on bank deposits.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 20.3% (2024: 17.0%) and 68.2% (2024: 39.7%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Trade and other receivables (Continued)

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are usually with an average credit period of 180 days. Debtors with balances past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group applies both individual assessment and collective assessment to measure expected credit losses ("ECL") on trade receivables, depending on the characteristics and risk profile of different customer groups.

For individual assessment, it is applied to trade receivables with significant exposure, where the outstanding balances are substantial in amount and considered material to the financial statements and the expected credit loss allowance. Due to the size and potential impact of these receivables, it is not appropriate to be assessed collectively under the provision matrix. For such balances, the ECL is determined based on the estimated recoverable amount, taking into account the latest available information including the customer's financial condition, repayment patterns, status of discussions with the customer, and other relevant forward-looking factors.

For collective assessment, provision matrix is applied to the remaining trade receivables that share similar credit risk characteristics. The provision matrix is based on the Group's historical credit loss experience, adjusted for forward-looking information such as macro-economic conditions and industry-specific risks relevant to the customer base.

The allowance for impairment of trade receivables is recognised at an amount equal to lifetime ECL under both assessment methods. The Group distinguishes different customer segments when determining historical loss rates and forward-looking adjustments under the provision matrix.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2025:

	2025			
	Lifetime expected loss rate	Gross carrying amount RMB'000	Lifetime expected credit loss RMB'000	Net carrying amount RMB'000
Individual assessment*	0.56%	44,623	251	44,372

* During the year ended 31 December 2025, the Group applies both individual assessment and the provision matrix to measure expected credit losses on trade receivables. Individual assessment is performed for trade receivables with significant exposure where the outstanding balance is substantial and the credit risk profile is not appropriate for collective assessment. The provision matrix continues to be applied to trade receivables with similar credit risk characteristics. This represents a refinement of the Group's ECL assessment and does not constitute a change in accounting policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Trade and other receivables *(Continued)*

	2025		
	Expected loss rate %	Gross carrying amount RMB'000	Allowance for impairment of trade and bills receivable RMB'000
Risk Category I			
Within 6 months	0.7	503	3
After 6 months but within 1 year	0.0	–	–
After 1 year but within 2 years	7.1	51	4
After 2 years but within 3 years	0.0	–	–
After 3 years	52.1	–	–
Individually impaired	100.0	174	174
		728	181

	2025		
	Expected loss rate %	Gross carrying amount RMB'000	Allowance for impairment of trade and bills receivable RMB'000
Risk Category II			
Within 6 months	3.1	2,651	83
After 6 months but within 1 year	10.4	1,868	195
After 1 year but within 2 years	27.6	266	74
After 2 years but within 3 years	80.7	2,191	1,768
After 3 years	100.0	1,721	1,721
Individually impaired	100.0	3,164	3,164
		11,861	7,005

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Trade and other receivables (Continued)

	2025		
	Expected loss rate %	Gross carrying amount RMB'000	Allowance for impairment of trade and bills receivable RMB'000
Risk Category III			
Within 6 months	3.13	7,164	224
After 6 months but within 1 year	5.21	2	–
After 1 year but within 2 years	18.8	3,604	678
After 2 years but within 3 years	83.4	51	43
After 3 years	0.0	–	–
Individually impaired	100.0	2,436	2,436
		13,257	3,381

	2025		
	Expected loss rate %	Gross carrying amount RMB'000	Allowance for impairment of trade and bills receivable RMB'000
Risk Category IV			
Within 6 months	0.53	–	–
After 6 months but within 1 year	8.45	159	13
After 1 year but within 2 years	17.79	3,235	575
After 2 years but within 3 years	73.0	2,922	2,132
After 3 years	100.0	36,193	36,193
Individually impaired	0.0	–	–
		42,509	38,913

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Trade and other receivables *(Continued)*

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2024:

	2024		
	Expected loss rate %	Gross carrying amount RMB'000	Allowance for impairment of trade and bills receivable RMB'000
Risk Category I			
Within 6 months	8.0	458	37
After 6 months but within 1 year	14.5	255	37
After 1 year but within 2 years	22.4	1,095	245
After 2 years but within 3 years	44.9	1,968	883
After 3 years	100.0	2,019	2,019
Individually impaired	100.0	1,830	1,830
		7,625	5,051

	2024		
	Expected loss rate %	Gross carrying amount RMB'000	Allowance for impairment of trade and bills receivable RMB'000
Risk Category II			
Within 6 months	12.5	27,855	3,486
After 6 months but within 1 year	0.0	–	–
After 1 year but within 2 years	33.9	2,706	918
After 2 years but within 3 years	0.0	–	–
After 3 years	100.0	2,522	2,522
Individually impaired	100.0	1,266	1,266
		34,349	8,192

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Trade and other receivables *(Continued)*

	2024		
	Expected loss rate %	Gross carrying amount RMB'000	Allowance for impairment of trade and bills receivable RMB'000
Risk Category III			
Within 6 months	30.6	8,260	2,525
After 6 months but within 1 year	62.3	7,627	4,748
After 1 year but within 2 years	78.4	51	40
After 2 years but within 3 years	0.0	–	–
After 3 years	100.0	3,062	3,062
Individually impaired	100.0	1,113	1,113
		20,113	11,488

	2024		
	Expected loss rate %	Gross carrying amount RMB'000	Allowance for impairment of trade and bills receivable RMB'000
Risk Category IV*			
Within 6 months	0.0	19,971	–
After 6 months but within 1 year	0.0	–	–
After 1 year but within 2 years	0.0	–	–
After 2 years but within 3 years	0.0	–	–
After 3 years	0.0	–	–
Individually impaired	0.0	–	–
		19,971	–

* During the year ended 31 December 2024, the Group assessed expected credit losses for trade receivables using the provision matrix under the simplified approach. During the year ended 31 December 2025, the Group refined its credit risk assessment methodology and applies individual assessment to trade receivables with significant exposures, while maintaining the provision matrix approach for other customer groups with similar credit risk characteristics. This change represents a refinement of accounting estimates and has been applied prospectively. Comparative figures have not been restated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Trade and other receivables *(Continued)*

	2024		
	Expected loss rate %	Gross carrying amount RMB'000	Allowance for impairment of trade and bills receivable RMB'000
Risk Category V			
Within 6 months	11.4	3,235	369
After 6 months but within 1 year	0.0	–	–
After 1 year but within 2 years	41.0	5,078	2,082
After 2 years but within 3 years	77.3	7,395	5,719
After 3 years	100.0	22,155	22,155
Individually impaired	100.0	3,343	3,343
		41,206	33,668

Expected loss rates are based on actual loss experience over the historical default data. These rates are adjusted to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movements in the allowance for impairment losses of trade receivables and loan and other receivables during the years are as follows:

Trade receivables

	2025 RMB'000	2024 RMB'000
At 1 January	58,399	58,391
(Reversal of impairment)/impairment losses recognised for the year	(8,668)	8
At 31 December	49,731	58,399

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Loan and other receivables

	2025 RMB'000	2024 RMB'000
At 1 January	19,894	17,969
Impairment losses recognised for the year	1,630	1,925
At 31 December	21,524	19,894

The tables below detail the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades.

			2025		
	Internal credit rating	12m or Life time ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Trade receivables	Note 1	Lifetime ECL	112,978	49,731	63,247
Deposits and other receivables	Note 2	12m ECL	33,721	21,524	12,197
Restricted bank balances	N/A	12m ECL	–	–	–
Bank and cash balances	N/A	12m ECL	17,009	–	17,009

			2024		
	Internal credit rating	12m or Life time ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Trade receivables	Note 1	Lifetime ECL	123,264	58,399	64,865
Deposits and other receivables	Note 2	12m ECL	24,147	19,894	4,253
Restricted bank balances	N/A	12m ECL	3,834	–	3,834
Bank and cash balances	N/A	12m ECL	15,183	–	15,183

Notes:

- The Group has applied HKFRS 9 simplified approach to measure expected credit loss using a lifetime expected credit loss for trade receivables. To measure the expected credit loss, trade receivables have been grouped based on credit risk characteristics.
- For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's financial liabilities is as follows:

	Within 1 year or on demand RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At 31 December 2025						
Trade and other payables	52,827	–	–	–	52,827	52,827
Contingent consideration (note)	–	10,000	–	–	10,000	7,506
Borrowings	43,690	35,060	51,010	67,330	197,090	179,049
Lease liabilities	784	784	810	–	2,378	2,261
	97,301	45,844	51,820	67,330	262,295	241,643
At 31 December 2024						
Trade and other payables	82,376	–	–	–	82,376	82,376
Contingent consideration (note)	–	–	10,000	–	10,000	603
Borrowings	201,273	58,288	–	–	259,561	247,144
	283,649	58,288	10,000	–	351,937	330,123

Note:

The amounts included above for contingent consideration are the maximum amounts the Group could be required to settle under the arrangement. At the end of the reporting period, the Group considers that the fair value of the contingent consideration is RMB7,506,000. However, this estimate is subject to change depending on the probability of achieving the profit target.

(e) Categories of financial instruments at 31 December

	2025 RMB'000	2024 RMB'000
Financial assets:		
Financial assets measured at amortised cost	92,453	88,135
Financial liabilities:		
Financial liabilities at fair value through profit or loss	7,506	603
Financial liabilities measured at amortised cost	234,137	329,520
	241,643	330,123

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as recorded in the consolidated statement of financial position approximate their respective fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

During the years ended 31 December 2025 and 2024, there was no transfer between Level 2 and Level 3. The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The following table shows the carrying amounts and fair value of financial liabilities, including their levels in the fair value hierarchy.

(a) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements

The Group's financial reporting team is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The team reports directly to the Financial Director for these fair value measurements. Discussions of valuation processes and results are held between the financial director and the board of directors twice a year, to coincide with the reporting dates. The Group engages external valuation firms to perform valuations for its financial instruments where necessary.

For level 3 fair value measurement, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

(b) Reconciliation of liabilities measured at fair value based on level 3

	2025 RMB'000	2024 RMB'000
Contingent consideration		
At 1 January	603	–
Acquisition of subsidiaries	–	603
Increase in fair value	6,903	–
At 31 December	7,506	603

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. FAIR VALUE MEASUREMENTS *(Continued)*

(b) Reconciliation of liabilities measured at fair value based on level 3 *(Continued)*

The fair value of the contingent consideration at the end of the reporting period was classified as Level 3 within the fair value hierarchy. The fair value was determined using a discounted cash flow method, taking into account the estimated probability of achieving the profit target. Key assumptions include a three-year cumulative net profit of RMB47 million and a probability of achievement at 100%.

Financial assets	Fair value as at		Valuation technique	Fair value hierarchy	Significant unobservable inputs
	2025 RMB'000	2024 RMB'000			
Contingent consideration (Note 1)	7,506	603	Probability-weighted discounted cash flow	Level 3	Probability of profit target achievement: 100% (2024: 10%) Discount rate: 24.1% (2024: 24.2%)

Note 1:

As at 31 December 2025, the fair value of the contingent consideration was approximately RMB7,506,000 (2024: RMB603,000), determined using the probability-weighted discounted cash flow method. The significant unobservable inputs used in the Level 3 fair value measurement are the probability of achieving the Three-year Aggregate Net Profit target and the discount rate.

If the probability of achieving the profit target were decreased from 100% to 80%, with all other variables held constant, the fair value of the contingent consideration would decrease by approximately RMB1,501,000. If the discount rate were increased by 5% from 24.10% to 29.10% (2024: from 24.2% to 29.2%), the fair value would decrease by approximately RMB384,000 (2024: RMB53,000); conversely, if the discount rate were decreased by 5% to 19.10% (2024: 19.2%), the fair value would increase by approximately RMB422,000 (2024: RMB61,000).

8. REVENUE

The Group is principally engaged in the design, development and sale of power line communication ("PLC") products as well as the provision of relevant maintenance services in connection with the deployment and upgrades of automated meter reading ("AMR") systems by power grid companies in the PRC and for a wide range of applications related to energy saving and environmental protection.

The Group is also engaged in the sales of software license, production safety products, construction contracts as well as the provision of software post-contract customer support services in connection with the smart manufacturing & industrial automation ("SMIA") applied in the area of maintenance and safety integrity system in the petroleum and petrochemicals industry.

The Group also provides wind farm operation and maintenance ("WFOM") services in the PRC, ensuring efficient and compliant operations of wind power facilities. The services cover technical support, equipment inspection, performance optimisation, and regulatory compliance management to enhance the reliability and efficiency of wind farms operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. REVENUE *(Continued)*

(a) Disaggregation of revenue

An analysis of the Group's revenue for the year is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15 and recognised at a point in time		
Disaggregated by major products or service lines:		
AMR and other business		
— PLC Integrated circuits ("ICs")	4,939	4,443
— PLC Modules	31,127	30,755
— Other products	2,876	29,271
— AMR maintenance services	285	2,606
Sub-total of AMR and other business	39,227	67,075
SMIA business		
— Software license	15,623	23,749
— Production safety products	269	2,079
Sub-total of SMIA business	15,892	25,828
Revenue from contracts with customers within the scope of HKFRS 15 and recognised over time		
Disaggregated by major products or service lines:		
SMIA business		
— Post-contract customer support service	68	221
— Construction contracts	—	3,790
Sub-total of SMIA business	68	4,011
WFOM business		
— Wind farm operation and maintenance services	37,357	25,384
Total	92,544	122,298

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. REVENUE *(Continued)*

(b) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2025 and the expected timing of recognising revenue as follows:

	Software license		Post-contract customer support service		Wind farm operation and maintenance services	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000 (Restated)
Within one year	–	21,080	–	2,342	35,245	35,245
More than one year but not more than two years	–	–	–	–	35,245	35,245
More than two years	–	–	–	–	1,138,660	1,244,395
	–	21,080	–	2,342	1,209,150	1,314,885

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its construction contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the construction contracts that had an original expected duration of one year or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. SEGMENT INFORMATION

The Group manages its businesses by business lines. Segmental information has been presented in a manner consistent with the way in which information is reported internally to the Group's executive directors, being the chief operating decision makers, for the purposes of resources allocation and performance assessment.

The Group has three reportable segments, which are (a) AMR and other business; (b) SMIA business and (c) WFOM business.

The Group's reportable segments are as follows:

AMR and other business	This segment includes design, development and sale of PLC products, energy saving and environmental protection products and solutions used in streetlight control, building energy management, photovoltaic power management, etc. and providing maintenance services in connection with the deployment and upgrading of AMR systems by power grid companies in the PRC.
SMIA business	This segment includes sale of software license, production safety products, construction contracts as well as the provision of software post- contract customer support services in connection with the smart manufacturing and industrial automation system applied in the petroleum and petrochemicals industry.
WFOM business	This segment includes the provision of WFOM services, ensuring the efficient and compliant operation of wind power facilities. The services cover technical support, equipment inspection, performance optimisation, and regulatory compliance management to enhance the reliability and efficiency of wind farm operations.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technologies and marketing strategies.

The accounting policies of the operating segments are the same as those described before. Segment profits or losses do not include unallocated finance costs, impairment losses on property, plant and equipment, impairment losses on right-of-use assets, impairment losses on intangible assets, impairment losses on financial assets, net and income tax expense.

No segment assets or liabilities information or other segment information is provided as the Group's chief operating decision maker does not review this information for the purpose of resource allocation and assessment of segment performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. SEGMENT INFORMATION *(Continued)*

(a) Information about operating segment profit or loss

The segment information provided to the Group's most senior executive management for the reportable segments for the years ended 31 December 2025 and 2024 is as follows:

Year ended 31 December 2025	AMR and other business RMB'000	SMIA business RMB'000	WFOM business RMB'000	Total RMB'000
Revenue	39,227	15,960	37,357	92,544
Reportable segment results	(29,442)	(6,309)	23,916	(11,835)
Amortisation of intangible assets	3,311	–	5,442	8,753

Year ended 31 December 2024	AMR and other business RMB'000	SMIA business RMB'000	WFOM business RMB'000	Total RMB'000
Revenue	67,075	29,839	25,384	122,298
Reportable segment results	(47,526)	(21,823)	10,133	(59,216)
Amortisation of intangible assets	3,311	–	4,172	7,483

(b) Reconciliations of segment revenue and profit or loss

	2025 RMB'000	2024 RMB'000
Reportable segment results	(11,835)	(59,216)
Finance costs	(8,222)	(11,086)
Reversal of impairment/(impairment losses) on financial assets, net	7,038	(1,933)
Impairment losses on intangible assets	(5,132)	–
Impairment losses on property, plant and equipment	(876)	–
Impairment losses on right-of-use assets	(88)	–
Loss before tax	(19,115)	(72,235)

All the revenue of the Group is derived within the PRC and the non-current assets (excluding deferred tax assets) of the Group are located in the PRC including Hong Kong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. SEGMENT INFORMATION *(Continued)*

(c) Revenue from major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	2025 RMB'000	2024 RMB'000
Customer A ¹	15,615	17,163
Customer B ²	14,204	20,325
Customer C ³	22,514	N/A ⁴

¹ Revenue from segment of SMIA business.

² Revenue from segment of AMR and other business.

³ Revenue from segment of WFOM business.

⁴ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

10. OTHER INCOME, GAINS AND LOSSES, NET

	2025 RMB'000	2024 RMB'000
Interest income from bank deposits	379	253
Government grant		
— Unconditional subsidies (note (a))	1,780	1,950
— Conditional subsidies (note (b))	147	123
Gain/(loss) on disposals of property, plant and equipment	221	(88)
Gain on derecognition of other borrowings (note (c))	2,710	—
Fair value loss on contingent consideration	(6,903)	—
Net foreign exchange gain	1,446	1,884
Rental income	—	702
Loss on early termination of leases	—	(587)
Impairment loss on prepayment	—	(15,234)
Penalty	—	(1,319)
Others	91	96
	(129)	(12,220)

Notes:

- (a) Unconditional government grants mainly represent value-added tax ("VAT") refund on self-developed software embedded in AMR and smart energy management products in accordance with the relevant tax law in the PRC.
- (b) During the year ended 31 December 2025, the Group recognised an amount of approximately RMB147,000 (2024: RMB123,000) of conditional government subsidies for encouragement of research and development projects.
- (c) During the year ended 31 December 2025, the Group derecognised other borrowings amounting to approximately RMB2,710,000 due to HK Desitai Trading Co. Limited, an independent third party to the Group. The derecognition arose upon the receipt of a formal debt waiver letter duly signed by HK Desitai Trading Co. Limited, pursuant to which HK Desitai Trading Co. Limited unconditionally and irrevocably waived its rights to claim repayment of the Borrowings from the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest expenses on lease liabilities	49	276
Interest expenses on bank and other borrowings	8,173	10,810
	8,222	11,086

12. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as follows:

	2025 RMB'000	2024 RMB'000
Current tax — Chinese Mainland		
Provision for the year	5,050	2,196
Under-provision/(over-provision) in prior years	62	(585)
	5,112	1,611
Deferred tax (note 32)	(573)	(303)
	4,539	1,308

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2,000,000 of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25% (2024: 8.25%), and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5% (2024: 16.5%).

The Group's PRC subsidiaries are subject to the PRC corporate income tax rate of 25% (2024: 25%), except for Risecomm Microelectronics (Shenzhen) Co., Ltd. ("**Risecomm Microelectronics**"). Risecomm Microelectronics is entitled to the preferential tax rate of 15% from years 2019 to 2025, being accredited as a High and New Technology Enterprise according to the PRC Corporate Income Tax Law and its relevant regulations.

Under the PRC Corporate Income Tax Law and its relevant regulations, 100% (2024: 100%) additional tax deduction is allowed for qualified research and development costs for the year of 2025.

Pursuant to the rules and regulations of the Cayman Islands and Seychelles, the Group is not subject to any income tax in the Cayman Islands and Seychelles.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. INCOME TAX EXPENSE *(Continued)*

The reconciliation between the income tax expense and the accounting loss before tax multiplied by the respective applicable tax rates is as follows:

	2025 RMB'000	2024 RMB'000
Loss before tax	(19,115)	(72,235)
Tax at the respective applicable tax rates	(4,779)	(18,059)
Tax effect of preferential tax rate	3,646	7,068
Tax effect of expenses that is not deductible	2,825	5,956
Additional deduction for qualified research and development costs	–	(3,089)
Tax effect of other temporary differences not recognised	26	795
Tax effect of unused tax losses not recognised in prior year	(1,674)	(1,422)
Tax effect of tax losses not recognised	4,433	10,644
Under-provision/(over-provision) in prior years	62	(585)
Income tax expense	4,539	1,308

13. LOSS FOR THE YEAR

The Group's loss for the year has been arrived at after charging (crediting) the following:

	2025 RMB'000	2024 RMB'000
Amortisation of intangible assets (note 22)	8,753	7,483
Cost of inventories sold	34,002	53,599
Depreciation of property, plant and equipment (note 19)	1,345	2,484
Depreciation of right-of-use asset (note 20)	572	3,679
Staff costs (note 14)		
— Salaries, bonuses and allowances	6,475	39,014
— Retirement benefit scheme contributions	435	2,878
	6,910	41,892
Research and development expenses	8,197	22,613
(Reversal of write-down)/write-down of inventories	(1,066)	5,289
(Reversal of impairment losses)/impairment losses on trade receivables and other receivables	(7,038)	1,933
Impairment losses on property, plant and equipment	876	–
Impairment losses on right-of-use assets	88	–
Impairment losses on intangible assets	5,132	–

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For the year ended 31 December 2025

14. EMPLOYEE BENEFITS EXPENSE

	2025 RMB'000	2024 RMB'000
Employee benefits expense (including directors' emoluments (note 15)):		
Salaries, bonuses and allowances	6,475	39,014
Retirement benefit scheme contributions	435	2,878
	6,910	41,892

(a) Five highest paid individuals

The five highest paid individuals in the Group during the year included one (2024: one) directors whose emoluments are reflected in the analysis presented in note 15(a). The emoluments of the remaining four (2024: four) individuals are set out below:

	2025 RMB'000	2024 RMB'000
Salaries and allowances	2,460	4,038
Discretionary bonuses	36	–
Retirement benefit scheme contributions	31	201
	2,527	4,239

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
HK\$1,000,001 to HK\$1,500,000 (equivalent to RMB903,200 to RMB1,354,800)	–	4
HK\$500,000 to HK\$1,000,000 (equivalent to RMB451,600 to RMB903,200)	4	1
HK\$400,000 to HK\$500,000 (equivalent to RMB361,280 to RMB451,600)	1	–

During the years, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office, whether directly or indirectly, subsisting at the end of the year or any time during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The emoluments of every director is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of Company or its subsidiary undertaking					Total RMB'000
	Fees RMB'000	Salaries and allowance RMB'000	Discretionary bonuses RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Equity-settled share option expenses RMB'000	
Executive directors (note (g))						
Mr. Jiang Feng (note (b))	91	-	-	-	-	91
Ms. Zhao Luyi (note (d))	108	542	-	-	-	650
Mr. Tsang Wah Tak, Brian (note (e))	108	-	-	-	-	108
Ms. Ye Bailing (note(c))	18	-	-	-	-	18
Non-executive directors (note (h))						
Mr. Yu Lu	108	-	-	-	-	108
Mr. Ding Zhigang (note (f))	108	-	-	-	-	108
Ms. Guo Lei (note (a))	108	-	-	-	-	108
Independent non-executive directors (note (i))						
Mr. Victor Yang	217	-	-	-	-	217
Ms. Lo Wan Man	108	-	-	-	-	108
Mr. Zhou Heqiang	108	-	-	-	-	108
Total for the year ended 31 December 2025	1,082	542	-	-	-	1,624

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For the year ended 31 December 2025

15. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

	Emoluments paid or receivable in respect of a person's services as a Director, whether of Company or its subsidiary undertaking					
	Fees	Salaries and allowance	Discretionary bonuses	Employer's contribution to a retirement benefit scheme	Equity-settled share option expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors (note (g))						
Mr. Jiang Feng	110	336	–	32	–	478
Ms. Zhao Luyi (note (d))	56	278	–	–	–	334
Mr. Tsang Wah Tak, Brian (note (e))	56	–	–	–	–	56
Non-executive directors (note (h))						
Mr. Yu Lu	109	–	–	–	–	109
Mr. Ding Zhigang	109	–	–	–	–	109
Ms. Guo Lei (note (a))	109	1,082	–	–	–	1,191
Independent non-executive directors (note (i))						
Mr. Victor Yang	219	–	–	–	–	219
Ms. Lo Wan Man	109	–	–	–	–	109
Mr. Zhou Heqiang	109	–	–	–	–	109
Total for the year ended						
31 December 2024	986	1,696	–	32	–	2,714

Notes:

- (a) Ms. Guo Lei was appointed as an executive director on 5 June 2023 and re-designated to a non-executive director on 28 June 2024.
- (b) Mr. Jiang Feng resigned as an executive director on 24 October 2025.
- (c) Ms. Ye Bailing was appointed as an executive director on 28 October 2025.
- (d) Ms. Zhao Luyi was appointed as an executive director on 28 June 2024.
- (e) Mr. Tsang Wah Tak, Brian was appointed as an executive director on 28 June 2024.
- (f) Mr. Ding Zhigang resigned as a non-executive director on 6 January 2026.
- (g) The executive directors' emoluments were for their services in connection with the management of the affairs of the Company and the Group.
- (h) The non-executive directors' emoluments were for their services as directors of the Company and its subsidiaries, if applicable.
- (i) The independent non-executive directors' emoluments were for their services as directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

During the years, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office, whether directly or indirectly, subsisting at the end of the year or any time during the year.

None of the directors waived any emoluments during the year (2024: nil).

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(c) Directors' termination benefits

None of the directors of the Company received any termination benefits during the year ended 31 December 2025 (2024: nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2025, the Company did not pay considerations to any third parties for making available directors' services (2024: nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by and entities connected with such directors

As at 31 December 2025, there are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and the directors' connected entities (2024: none).

16. RETIREMENT BENEFIT SCHEMES CONTRIBUTIONS

The Group operates a mandatory provident fund scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK\$1,500 per employee and vest fully with employees when contributed into the MPF Scheme.

The Group contributes to defined contribution retirement plans which are available for eligible employees in the PRC.

Pursuant to the relevant laws and regulations in the PRC, the Group has joined defined contribution retirement schemes for the employees arranged by local government labour and security authorities (the "**PRC Retirement Schemes**"). The Group makes contributions to the PRC Retirement Schemes at the applicable rates based on the amounts stipulated by the local government organisations. Upon retirement, the local government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees.

During the years ended 31 December 2025 and 2024, the Group had no forfeited contributions under the PRC Retirement Schemes and MPF Scheme which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2025 and 2024 under the PRC Retirement Schemes and MPF Scheme which may be used by the Group to reduce the contribution payable in future years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. DIVIDENDS

The board of directors does not recommend the payment of any dividend in respect of the year ended 31 December 2025 (2024: nil).

18. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	2025 RMB'000	2024 RMB'000
Loss		
Loss for the year for the purpose of calculating basic and diluted loss per share	(23,654)	(73,543)
	2025 '000	2024 (Restated) '000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	177,629	108,933

As a result of the Group's net loss for the years ended 31 December 2025 and 2024, share options were excluded from the calculation of diluted loss per share as their inclusion would have been anti-dilutive.

For the year ended 31 December 2025, the weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share have been adjusted for the share consolidation and rights issue on 22 October 2025.

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For the year ended 31 December 2025

19. PROPERTY, PLANT AND EQUIPMENT

	Plant and buildings RMB'000	Machinery and equipment RMB'000	Office and other equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
Cost						
At 1 January 2024	20,755	13,958	5,680	1,653	4,817	46,863
Additions	–	42	183	–	–	225
Disposals	–	(902)	(582)	–	–	(1,484)
At 31 December 2024 and 1 January 2025	20,755	13,098	5,281	1,653	4,817	45,604
Additions	–	–	30	26	–	56
Disposals	–	(4,529)	(229)	(883)	–	(5,641)
At 31 December 2025	20,755	8,569	5,082	796	4,817	40,019
Accumulated depreciation						
At 1 January 2024	7,034	12,615	5,178	1,556	3,563	29,946
Charge for the year	985	299	185	82	933	2,484
Disposals	–	(860)	(536)	–	–	(1,396)
At 31 December 2024 and 1 January 2025	8,019	12,054	4,827	1,638	4,496	31,034
Charge for the year	985	224	110	–	26	1,345
Impairment loss recognised in profit or loss (note 13)	876	–	–	–	–	876
Disposals	–	(4,286)	(195)	(856)	–	(5,337)
At 31 December 2025	9,880	7,992	4,742	782	4,522	27,918
Carrying amount						
At 31 December 2025	10,875	577	340	14	295	12,101
At 31 December 2024	12,736	1,044	454	15	321	14,570

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. RIGHT-OF-USE ASSETS

	Leased properties	
	2025	2024
	RMB'000	RMB'000
At 1 January	–	8,458
Addition for the year	2,813	–
Depreciation for the year (note 13)	(572)	(3,679)
Impairment loss recognised in profit or loss (note 13)	(88)	–
Early termination	–	(4,835)
Exchange differences	–	56
At 31 December	2,153	–

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2025	2024
	RMB'000	RMB'000
Depreciation expenses on right-of-use assets	572	3,679
Interest expense on lease liabilities (included in finance cost)	49	276
Expenses relating to short-term lease (included in selling and marketing expenses, general and administrative expenses, research and development expenses and cost of sales)	621	3,090

Details of total cash outflow for leases is set out in note 38(b).

Lease arrangements of office premises were negotiated on an individual basis and contain a wide range of different terms and conditions including lease terms of 3 to 5 years (2024: 2 to 5 years). Additions to the right-of-use assets for the year ended 31 December 2025 amounted to RMB2,813,000 due to new lease of two offices.

For the year ended 31 December 2024, all leases were early terminated.

21. GOODWILL

	2025	2024
	RMB'000	RMB'000
Cost		
At 1 January and 31 December	215,147	215,147
Accumulated impairment loss		
At 1 January and 31 December	(215,147)	(215,147)
Carrying amount		
At 31 December	–	–

The goodwill has been allocated to two cash generating units, AMR and other business and SMIA business, which was fully impaired in previous years and accordingly there was nil carrying amount of goodwill from AMR and other business and SMIA business as at 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. INTANGIBLE ASSETS

	Software and others RMB'000	Customer relationships RMB'000	Service contracts RMB'000	Non-compete undertakings RMB'000	Total RMB'000
Cost					
At 1 January 2024	27,251	99,380	–	100,147	226,778
Addition (note)	–	–	108,768	–	108,768
At 31 December 2024, 1 January 2025 and 31 December 2025	27,251	99,380	108,768	100,147	335,546
Accumulated amortisation and impairment loss					
At 1 January 2024	15,497	99,380	–	100,147	215,024
Amortisation for the year (note 13)	3,311	–	4,172	–	7,483
At 31 December 2024 and 1 January 2025	18,808	99,380	4,172	100,147	222,507
Amortisation for the year (note 13)	3,311	–	5,442	–	8,753
Impairment loss recognised in profit or loss (note 13)	5,132	–	–	–	5,132
At 31 December 2025	27,251	99,380	9,614	100,147	236,392
Carrying amount					
At 31 December 2025	–	–	99,154	–	99,154
At 31 December 2024	8,443	–	104,596	–	113,039

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For the year ended 31 December 2025

23. INVESTMENTS IN SUBSIDIARIES

Particulars of the Group's major subsidiaries at 31 December 2025 and 2024 are set out as follows:

Name	Place of incorporation or registration/Type of legal entity	Paid up issued/ registered ordinary share capital	Percentage of ownership interest/ voting power/profit sharing		Principal activities/ Place of operation
			2025	2024	
Directly held by the Company					
Risecomm Co. Ltd.	Cayman Islands/ Limited liability company	Ordinary shares US\$18,128.22	100%	100%	Dormant
Harvest Year Global Limited	Seychelles/Limited liability company	Ordinary shares US\$1	100%	100%	Investment holding/ Hong Kong
Prime Key Holdings Limited	Seychelles/Limited liability company	Ordinary shares US\$1	100%	100%	Investment holding/ Hong Kong
Green Harmony Limited	Seychelles/Limited liability company	Ordinary shares US\$1	100%	100%	Investment holding/ Seychelles
Shangyi (BVI) International Limited	The British Virgin Islands ("BVI")/ Limited liability company	Ordinary shares US\$1	100%	100%	Investment holding/ Hong Kong
Indirectly held by the Company					
Risecomm (HK) Technology Co. Limited	Hong Kong/Limited liability company	Ordinary shares HK\$1	100%	100%	Trading and research and development/ Hong Kong
Risecomm (HK) Holding Co. Limited	Hong Kong/Limited liability company	Ordinary shares HK\$1	100%	100%	Investment holding/ Hong Kong
Risecomm Microelectronics (Shenzhen) Co., Ltd.*	the PRC/wholly foreign owned enterprise	Paid up capital US\$17,500,000	100%	100%	Manufacturing and sales of AMR products/the PRC
Zhongyi (BVI) International Limited ("Zhongyi (BVI)")	BVI/Limited liability company	Ordinary shares US\$50,000	100%	100%	Investment holding/ Hong Kong
Zhongyi (Hong Kong) International Limited	Hong Kong/Limited liability company	Ordinary shares HK\$10,000	100%	100%	Investment holding/ Hong Kong
Shenzhen Anyi Rongfeng Engineering Management Co. Limited	the PRC/wholly foreign owned enterprise	Paid up capital RMB10,000,000	100%	100%	Investment holding/ the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. INVESTMENTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation or registration/Type of legal entity	Paid up issued/registered ordinary share capital	Percentage of ownership interest/ voting power/profit sharing		Principal activities/ Place of operation
			2025	2024	
Indirectly held by the Company (Continued)					
Jiangsu Anyi Engineering Management Co. Limited	the PRC/wholly foreign owned enterprise	Paid up capital RMB20,000,000	100%	100%	WFOM business/ the PRC
Beijing Risecomm Communication Technology Company Limited*	the PRC/Limited liability company	Paid up capital RMB3,000,000	100%	100%	Sales and marketing/ the PRC
Wuxi Risecomm Communication Technology Company Limited*	the PRC/Limited liability company	Paid up capital RMB3,100,000	100%	100%	Research and development/ the PRC
Hongten Technology Limited	Hong Kong/Limited liability company	Ordinary shares HK\$10,000	100%	100%	Investment holding/ Hong Kong
Beijing Hongteng Weitong Technology Co.,Ltd*	the PRC/wholly foreign owned enterprise	Paid up capital RMB32,244,307.16	100%	100%	SMIA business and construction/ the PRC
Beijing Jiangxinchuangda Technology Co.,Ltd*	the PRC/Limited liability company	Paid up capital RMB2,000,000	100%	100%	SMIA business/ the PRC
Beijing Tongyong Chuangweishi Technology Development Co.,Ltd*	the PRC/Limited liability company	Paid up capital RMB10,010,000	100%	100%	Dormant
Main Fullness Limited^	Hong Kong/Limited liability company	Ordinary shares HK\$100	–	–	Investment holding/ Hong Kong
Ningbo Shiquan Technology Co. Limited*	the PRC/Limited liability company	Paid up Capital RMB1,000,000	51%	51%	Provision of vehicle rental service/ the PRC

Note:

* The official name of the company is in Chinese. The English translation of the company name is for reference only.

The company was deregistered on 6 September 2024.

^ The company was deregistered on 17 May 2024.

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24. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	23,547	26,411
Work in progress	2,669	4,058
Finished goods	11,128	17,895
	37,344	48,364
Allowance for write-down of inventories (note (a))	(35,963)	(37,029)
	1,381	11,335

Note:

- (a) During the year ended 31 December 2025, the Group reversed an allowance for write-down of inventories of RMB1,066,000 (2024: RMB5,289,000 write-down recognised), as net realisable value of certain previously written-down inventories has recovered, primarily due to successful disposal at price above written-down carrying amount.

25. TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	112,978	123,264
Allowance for impairment losses of trade receivables	(49,731)	(58,399)
	63,247	64,865
Prepayments	5,256	8,659
Other receivables	27,222	17,648
Loan receivables (note (a))	6,499	6,499
Allowance for impairment losses	(21,524)	(19,894)
	17,453	12,912
Total trade and other receivables	80,700	77,777

Note:

- (a) The amount receivables under the loan agreements are unsecured and arranged at fixed interest rates of 0% to 5% per annum due from third parties.

The Group generally allows an average credit period of 180 days (2024: 180 days) for its customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

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For the year ended 31 December 2025

25. TRADE AND OTHER RECEIVABLES *(Continued)*

The aging analysis of trade receivables, net of allowance for impairment of trade receivables, presented based on the invoice dates is as follows:

	2025 RMB'000	2024 RMB'000
Within 6 months	27,532	53,362
After 6 months but within 1 year	19,344	3,097
Over 1 year	16,371	8,406
	63,247	64,865

The carrying amounts of the Group's trade receivables are mainly denominated in RMB.

26. BANK AND CASH BALANCES

Bank and cash balances comprise cash held by the Group and short-term deposits with an original maturity of three months or less. The balances are mainly denominated in RMB.

As at 31 December 2024, the Group maintained a restricted bank deposits amounting to RMB3,834,000 represented deposits frozen by the Court due to an legal case. As at 31 December 2025, the legal proceedings were concluded pursuant to a court judgement, and the Group is no longer required to retain such deposit as security. The Group did not maintain any bank deposit that were subject to restrictions on withdrawal or use.

As at 31 December 2025, the bank and cash balances of the Group denominated in RMB amounted to RMB11,305,000 (2024: RMB13,758,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

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27. SHARE CAPITAL

	2025		2024	
	Number of shares '000	HK\$'000	Number of shares '000	HK\$'000
Ordinary shares of HK\$0.005 each*				
Authorised:				
At beginning of the financial year	1,000,000	1,000	1,000,000	1,000
Decrease on consolidated share (note a)	(800,000)	–	–	–
At the end of the financial year	200,000	1,000	1,000,000	1,000
At 31 December				
Ordinary shares, issued and fully paid:				
At 1 January	255,729	256	255,729	256
Consolidated share (note a)	(204,583)	–	–	–
Issue of shares by way of rights issue (note b)	164,668	823	–	–
At 31 December	215,814	1,079	255,729	256
RMB equivalent (RMB'000)		974		222

* Before share consolidation on 19 August 2025, the ordinary share is HK\$0.001 each

Notes:

- (a) On 19 August 2025, every five existing shares of HK\$0.001 in the issued and unissued share capital of the Company had been consolidated into one consolidated share of HK\$0.005.
- (b) The Group raised net proceeds of approximately RMB74,232,000 (equivalent to approximately HK\$80,440,000) by way of rights issue of five rights share at HK\$0.50 per share for every one consolidated share held on 28 August 2025 (the "Rights Issue"). The Rights Issue became unconditional on 21 October 2025 and 164,668,000 shares were issued and allotted accordingly. The share capital and share premium were then increased by RMB752,000 (equivalent to approximately HK\$823,000) and RMB75,807,000 (equivalent to approximately HK\$79,617,000), respectively, before offsetting issuing expenses of RMB1,575,000 (equivalent to approximately HK\$1,890,000). The proceeds were mainly used for repayment of the Group's current liabilities, specifically those debts, liabilities, or other payables that were expected to be due and payable within twelve months upon completion of Rights Issue.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2025 RMB'000	2024 RMB'000
Non-current assets		
Investments in subsidiaries	110,603	110,603
Current assets		
Deposits and prepayments	148	146
Cash and cash equivalents	5,553	50
	5,701	196
TOTAL ASSETS	116,304	110,799
Capital and reserves		
Share capital	974	222
Reserves	(80,054)	(142,277)
	(79,080)	(142,055)
Non-current liabilities		
Borrowings	140,029	56,940
Contingent consideration	7,506	603
	147,535	57,543
Current liabilities		
Amount due to a subsidiary	8,881	8,385
Borrowings	29,806	177,803
Other payables	9,162	9,123
	47,849	195,311
TOTAL EQUITY AND LIABILITIES	116,304	110,799

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(Continued)

(b) Reserve movement of the Company

	Share premium RMB'000 (note 29(b)(i))	Capital reserve RMB'000 (re-stated)	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	408,553	158,816	15,417	(574,250)	8,536
Total comprehensive expense for the year	–	–	(1,198)	(149,615)	(150,813)
Share options forfeited	–	(2,902)	–	2,902	–
At 31 December 2024 and 1 January 2025	408,553	155,914	14,219	(720,963)	(142,277)
Total comprehensive expense for the year	–	–	(2,074)	(9,935)	(12,009)
Issue of shares by way of rights issue	75,807	–	–	–	75,807
Share issue expenses	(1,575)	–	–	–	(1,575)
At 31 December 2025	482,785	155,914	12,145	(730,898)	(80,054)

29. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of financial position and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the share premium account is available for distribution to shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company is in a position to pay off its debts as they fall due in the ordinary course of business of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. RESERVES *(Continued)*

(b) Nature and purpose of reserves *(Continued)*

(ii) Capital reserve

Capital reserve comprised the followings:

- the fair value of outstanding share options (see note 37);
- the difference between fair value of the preference shares and the warrant and the issued amount, upon the waiver of the terms of convertible redeemable preference shares and the warrant in March 2014, and capitalization of the outstanding cumulative dividends payable due to preference shareholders upon waiver in March 2014, and;
- upon completion of a group reorganization in February 2016, the share premium of Risecomm Co. Ltd., which was the then holding company of the Group, was deducted from the share premium presented in the consolidated statement of changes in equity with a corresponding credit to capital reserve and retained earnings;
- the difference between the cost of the additional investment and the carrying amount of the net assets acquired at 10 August 2018 (the date of exchange) when acquiring the non-controlling interest in a subsidiary, Changsha Risecomm Communication Technology Company Limited.

(iii) Statutory reserve

Pursuant to the relevant laws and regulations for business enterprises in the PRC, a portion of the profits of the entities which are registered in the PRC has been transferred to the statutory reserve which is restricted as to use. When the balance of such reserve reaches 50% of the capital of that entity, any further appropriation is optional. The statutory surplus reserve can be used to make up for prior year losses, if any, and can be applied in conversion into capital by means of a capitalisation issue. However, when converting the statutory surplus reserve of the PRC subsidiaries into capital, the remaining balance of such reserve must not be less than 25% of the registered capital of the relevant PRC subsidiaries.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(e) to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. DEFERRED INCOME

Deferred income represents conditional government subsidies for encouragement of research and development projects. The amount is transferred to income over the useful lives of the relevant assets. This policy has resulted in a credit to income in the current period of RMB147,000 (2024: RMB123,000). As at 31 December 2025, an amount of RMB480,000 (2024: RMB627,000) remains to be amortised.

31. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Current	730	–
Non-current	1,531	–
	2,261	–

Amounts payable under lease liabilities	2025 RMB'000	2024 RMB'000
Within one year	730	–
After one year but within two years	751	–
After two years but within five years	780	–
	2,261	–
Less: Amount due for settlement within 12 months (shown under current liabilities)	(730)	–
Amount due for settlement after 12 months	1,531	–

The carrying amounts of lease liabilities are mainly denominated in RMB.

All leases were expired or early terminated during the year ended 31 December 2024. During the year ended 31 December 2025, the Group entered into two new lease agreements in respect of an office and recognised lease liability of approximately RMB2,813,000. Lease arrangements of office premises were negotiated on an individual basis and contain a wide range of different terms and conditions including lease terms of 3 to 5 years (2024: 2 to 5 years)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. DEFERRED TAX

Movement of each component of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Right-of-use assets RMB'000	Lease liabilities RMB'000	Intangible assets RMB'000	Property, plant and equipment RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	–	–	(929)	–	846	(83)
(Charged)/credited to profit or loss	–	–	314	–	(11)	303
At 31 December 2024 and 1 January 2025	–	–	(615)	–	835	220
(Charged)/credited to profit or loss	(336)	349	1,084	131	(655)	573
At 31 December 2025	(336)	349	469	131	180	793

The following is the analysis of the deferred tax balances (after offset) for the consolidated statement of financial position purposes:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	1,129	835
Deferred tax liabilities	(336)	(615)
	793	220

At the end of the reporting period, the Group has estimated unused tax losses of approximately RMB277,932,000 (2024: RMB275,937,000) available for offset against future profits. No deferred tax asset had been recognised as at 31 December 2025 and 2024 in respect of the estimated tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are RMB211,865,000 (2024: RMB211,219,000) that will expire between 2026 and 2035. The remaining losses can be carried forward against future taxable income and have no expiry date.

Under the Corporate Income Tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries of RMB1,129,000 (2024: RMB725,000) as at 31 December 2025 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. BORROWINGS

	2025 RMB'000	2024 RMB'000
Bank loan	6,214	10,332
Other borrowings	172,835	236,812
	179,049	247,144

The borrowings are repayable as follows:

	2025 RMB'000	2024 RMB'000
On demand or within one year	39,020	190,204
More than one year, but not exceeding two years	140,029	56,940
	179,049	247,144
Less: Amount due for settlement within 12 months (shown under current liabilities)	(39,020)	(190,204)
Amount due for settlement after 12 months	140,029	56,940

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Bank loans RMB'000	Other borrowings RMB'000	Total borrowings RMB'000
As at 31 December 2025			
RMB	6,214	27,896	34,110
USD	–	–	–
HK\$	–	144,939	144,939
	6,214	172,835	179,049
As at 31 December 2024			
RMB	10,332	108,263	118,595
USD	–	16,756	16,756
HK\$	–	111,793	111,793
	10,332	236,812	247,144

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. BORROWINGS *(Continued)*

The average interest rates at 31 December were as follows:

	2025	2024
Bank loan	2.80%–10.46%	2.80%–4.80%
Other borrowings	0%–3.50%	0%–4%

During the year ended 31 December 2025, bank loan is arranged at fixed interest rates of 2.80%–10.46% per annum (2024: 2.80%–4.80% per annum), which is repayable in one year, and expose the Group to fair value interest rate risk; and other borrowings are arranged at fixed interest rates of 0% to 3.50% per annum (2024: 0% to 4% per annum) and expose the Group to fair value interest rate risk.

During the year ended 31 December 2024, the Group entered into two set-off arrangements, whereby other borrowings amounting to RMB9,316,000 were offset against loan receivables totalling RMB8,500,000.

As at 31 December 2024, included in the total borrowings are other borrowings of RMB60,000,000 which were drawn down for financing the acquisition of Zhongyi (BVI) and the equity interest of Zhongyi (BVI) is pledged to secure.

As at 31 December 2025, no trade receivables (2024: approximately RMB2,197,000) was pledged to secure a bank loan (2024: approximately RMB1,082,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables (note (a))	41,869	58,930
Product warranty provision (note (b))	585	738
Other payables and accruals	4,567	11,409
Interest payables	6,391	7,717
Severance payment payable	–	4,320
	53,412	83,114

(a) Trade payables

Trade payables comprised amounts due to suppliers for purchase of goods or services used in regular course of business. Trade payables are non-interest bearing and the average credit period on purchases is 30 to 180 days. The aging analysis of trade payables based on the invoice dates is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	3,825	30,935
After 3 months but within 6 months	2,078	1,386
After 6 months but within 1 year	7,227	2,864
Over 1 year but within 2 years	19,364	10,058
Over 2 years	9,375	13,687
	41,869	58,930

The carrying amounts of the Group's trade payables are mainly denominated in RMB.

(b) Product warranty provision

	2025 RMB'000	2024 RMB'000
Balance at 1 January	738	747
Additional provisions made	585	105
Provision utilised	–	(114)
Provision reversed	(738)	–
Balance at 31 December	585	738

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. CONTRACT LIABILITIES

Contract liabilities

	2025 RMB'000	2024 RMB'000
Billings in advance of performance obligation (note (a))	16,360	10,964

Movements in contract liabilities:

	2025 RMB'000	2024 RMB'000
Balance at 1 January	10,964	12,184
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the period	(10,964)	(12,184)
Increase in contract liabilities as a result of billing in advance of manufacturing activities	16,360	10,964
Balance at 31 December	16,360	10,964

No billings in advance of performance received that is expected to be recognised as income after more than one year (2024: Nil).

Notes:

- (a) When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised when control over a product transferred to the customers. The Group typically receives a deposit on acceptance of orders from customers, the amount of the deposit, if any, is negotiated on a case by case basis with customers.

36. CONTINGENT CONSIDERATION

Guarantees

	2025 RMB'000	2024 RMB'000
Profit guarantees provided	7,506	603

Pursuant to the terms of the agreement for the acquisition of Zhongyi (BVI) as disclosed in Note 42, the Group has agreed to a profit guarantee arrangement. If (i) Zhongyi (BVI) and its subsidiaries (collectively referred to as **"Zhongyi Group"**) records a net profit for each of the financial years ending 31 December 2024, 2025 and 2026; and (ii) the aggregate audited net profit of Zhongyi Group for the three financial years ending 31 December 2026 (the **"Three-year Aggregate Net Profit"**) is not less than RMB47 million, the Company shall pay an additional consideration of RMB10 million to the vendor. The additional payment, if applicable, will be made within 30 business days upon finalisation of the audited financial information of Zhongyi Group for the relevant period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. CONTINGENT CONSIDERATION *(Continued)*

Guarantees *(Continued)*

As at 31 December 2025, the carrying amount of the contingent consideration increased significantly to RMB7,506,000 (2024: RMB603,000). The increase of RMB6,903,000 is primarily attributable to the higher assessed probability that the Three-year Aggregate Net Profit condition will be met, driven by the improved financial performance of Zhongyi Group during the year and an upward revision in the forecasted revenue and profitability for the financial year ending 31 December 2026.

37. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company operates share option scheme (the “**Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants include the full-time and part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company’s subsidiaries. The Scheme became effective on 25 August 2016 and 3 September 2018 and, unless otherwise cancelled or amended, will remain in force for 10 and 8 years from that date respectively.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than five years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determined by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company’s shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company’s shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company’s shares on the date of the offer, when applicable.

Share options do not confer rights on the holder to dividends or to vote at shareholders’ meetings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option scheme *(Continued)*

- (a) The terms and conditions of the grants for options which are outstanding as at 31 December 2025 and 2024 are as follows:

As at 31 December 2025

	Number of instrument	Vesting conditions	Contractual life of options
Options granted to employees			
— On 3 September 2018	1,500,000	75% of total share vested immediately on grant date, the rest vested in 3 equal yearly instalments from the second year anniversary of the grant date	8 years
— On 3 September 2018	14,000,000	Vested in 3 equal yearly instalments from the second year anniversary of the grant date	8 years
Total share options granted	<u>15,500,000</u>		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option scheme *(Continued)*

- (a) The terms and conditions of the grants for options which are outstanding as at 31 December 2025 and 2024 are as follows: *(Continued)*

As at 31 December 2024

	Number of instrument	Vesting conditions	Contractual life of options
Options granted to employees			
— On 26 March 2014	503,858	25% of total shares vested on year anniversary of the grant date, the rest vested in 36 substantially equal monthly instalments from year anniversary of the grant date	10 years
Options granted to employees			
— On 3 September 2018	1,500,000	75% of total share vested immediately on grant date, the rest vested in 3 equal yearly instalments from the second year anniversary of the grant date	8 years
— On 3 September 2018	14,000,000	Vested in 3 equal yearly instalments from the second year anniversary of the grant date	8 years
Options granted to non-executive directors			
— On 26 March 2014	26,799	Vested immediately on grant date	10 years
Options granted to SB Asia Investment Fund II L.P. ("SAIF")			
— On 26 March 2014	136,000	Vested immediately on grant date	10 years
Total share options granted	<u>15,500,000</u>		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option scheme *(Continued)*

(b) The number and weighted average exercise prices of share options are as follows:

	At 31 December 2025		At 31 December 2024	
	Weighted Average exercise price	Number of options	Weighted Average exercise price	Number of options
Outstanding at the beginning of the year	HK\$17.24	170,496	HK\$17.24	548,499
Adjustments due to share consolidation and rights issue	HK\$40.58	(98,070)	–	–
Forfeited during the year	–	–	HK\$17.24	(378,003)
Outstanding at the end of the year	HK\$40.58	72,426	HK\$17.24	170,496
Exercisable at the end of the year	HK\$40.58	72,426	HK\$17.24	170,496

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option scheme *(Continued)*

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The fair value of the share options granted is measured based on a binomial option pricing model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial option pricing model.

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

Notes:

- (a) The exercise price of the tranches of share options granted in September 2018 was changed to HK\$1.724 per share upon the adjustments as a result of rights issue during the year end 31 December 2021, HK\$17.24 per share upon the adjustments as a result of share consolidation during the year ended 31 December 2023 and HK\$40.58 per share upon the adjustments as results of share consolidation and right issue during the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

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

	Bank and other borrowings (note 33) RMB'000	Lease liabilities (note 31) RMB'000	Interest payables RMB'000	Total RMB'000
At 1 January 2025	247,144	–	7,717	254,861
Changes from cash flows:				
Payment for interest	–	–	(9,499)	(9,499)
New bank loans raised	9,300	–	–	9,300
Repayment of bank loan	(13,418)	–	–	(13,418)
Repayment of other borrowings	(61,546)	–	–	(61,546)
Other borrowings raised	6,309	–	–	6,309
Principal element of lease rentals paid	–	(552)	–	(552)
Interest element of lease rentals paid	–	(49)	–	(49)
Total changes from cash flows	(59,355)	(601)	(9,499)	(69,455)
Other changes:				
Interest expense	–	49	8,173	8,222
Foreign currency exchange adjustments	(6,030)	–	–	(6,030)
Derecognition of other borrowings	(2,710)	–	–	(2,710)
New leases entered	–	2,813	–	2,813
Total other changes	(8,740)	2,862	8,173	2,295
At 31 December 2025	179,049	2,261	6,391	187,701

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(a) Reconciliation of liabilities arising from financing activities (Continued)

	Bank and other borrowings (note 33) RMB'000	Lease liabilities (note 31) RMB'000	Interest payables RMB'000	Total RMB'000
At 1 January 2024	185,292	8,692	2,627	196,611
Changes from cash flows:				
Payment for interest	–	–	(1,720)	(1,720)
New bank loans raised	10,332	–	–	10,332
Repayment of bank loan	(4,937)	–	–	(4,937)
Other borrowings raised	57,935	–	–	57,935
Capital element of lease rentals paid	–	(4,442)	–	(4,442)
Interest element of lease rentals paid	–	(276)	–	(276)
Total changes from cash flows	63,330	(4,718)	(1,720)	56,892
Other changes:				
Decrease in lease liabilities from early termination of leases during the year	–	(4,248)	–	(4,248)
Interest expense	3,379	276	7,431	11,086
Net off with loan receivables	(9,316)	–	–	(9,316)
Waive of interest payables	–	–	(621)	(621)
Foreign currency exchange adjustments	4,459	(2)	–	4,457
Total other changes	(1,478)	(3,974)	6,810	1,358
At 31 December 2024	247,144	–	7,717	254,861

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Total cash outflow for leases

Amounts included in the cash flow statements for leases comprise the following:

	2025 RMB'000	2024 RMB'000
Within operating cash flows	621	3,090
Within financing cash flows	601	4,718
	1,222	7,808

These amounts relate to the lease rental paid.

(c) Major non-cash transactions

During the year ended 31 December 2024, the Group entered into two set-off arrangements with counterparties, whereby other borrowings amounting to RMB9,316,000 and related interest payable of RMB621,000 were offset against loan receivables totalling RMB8,500,000.

39. OPERATING LEASE ARRANGEMENTS

The Group as lessor

Operating leases relate to property, plant and equipment owned by the Group with lease terms of 2 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its options to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Minimum lease payments receivable on lease are as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	–	399
Total	–	399

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40. CAPITAL COMMITMENTS

During the year ended 31 December 2023, the Company entered into an agreement to acquire the entire interest of a company with consideration of RMB110,000,000. The Group paid deposit RMB60,000,000 during the year ended 31 December 2023 and the remaining RMB50,000,000 is settled upon completion of the acquisition (note 42).

41. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2025 RMB'000	2024 RMB'000
Interest expenses paid to Ms. Guo Lei (note)	948	1,630
Interest expenses paid to Mr. Ding Zhigang (note)	–	58
	948	1,688

Note: Ms. Guo Lei is the non-executive director and Mr. Ding Zhigang is the non-executive director of the Company.

- (b) The following balances were outstanding at the end of the year:

	2025 RMB'000	2024 RMB'000
Borrowings		
Ms. Guo Lei	11,007	63,746
Mr. Ding Zhigang	–	932
	11,007	64,678

- (c) The remuneration of directors and other members of key management during the year were as follows:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	5,498	9,175
Post-employee benefits	90	268
	5,588	9,443

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

42. ACQUISITION OF SUBSIDIARIES

During the year ended 31 December 2024, the Group acquired 100% of the issued share capital of Zhongyi (BVI) at a cash consideration of RMB110,000,000 with a profit guarantee arrangement as set out in note 36. The contingent consideration is measured at fair value amounting to RMB603,000 at the acquisition date. The identifiable assets of Zhongyi Group are mainly wind farm operation and maintenance contracts. The Group elected to apply the optional concentration test in accordance with HKFRS 3 Business Combinations. The acquisition has been accounted for as an acquisition of assets rather than a business combination, given that substantially all of the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets (wind farm operation and maintenance contracts).

	RMB'000
Intangible assets	106,043
Trade and other receivables	7,483
Cash and cash equivalents	4,497
Trade and other payables	(5,810)
Contract liabilities	(743)
Income tax payable	(867)
Net assets	110,603
Satisfied by:	
Cash consideration	110,000
Contingent consideration	
— Fair value of profit guarantee	603
	110,603
Net cash outflow arising on acquisition:	
Cash consideration	110,000
Less: deposit paid during the year ended 31 December 2023	(60,000)
Less: cash and cash equivalent balances acquired	(4,497)
	45,503

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. LITIGATIONS

- (a) As of 24 October 2023, Yingtu Software Technology (Qingdao) Co., Ltd ("**Yingtu**") filed an arbitration claim against Beijing Hongteng, alleging outstanding payments under multiple software sales and service agreements signed between 2016 and 2019. The total claim amounts to RMB8.88 million, comprising RMB7.69 million in outstanding payments, RMB0.94 million in late payment interest, and associated legal costs.

On 24 April 2024, a hearing was held, and both parties submitted verification and objection opinions. The arbitration ruling orders Beijing Hongteng to fulfil the payment obligations and bear additional enforcement costs. The case has been completed, and all related expenses have been fully recognised in profit or loss for the year.

- (b) On 22 October 2019, Beijing Hongteng entered into a procurement contract with 蘇州海陸重工股份有限公司 ("**蘇州海陸**") for the 中化泉州廢液焚燒設施項目 with a total contract value of RMB21 million. On 18 September 2024, 蘇州海陸 obtained a civil court ruling for enforcement measures against Beijing Hongteng for a claim amounting to RMB4.6 million, comprising RMB4.2 million in outstanding payments and RMB0.4 million in accrued interest up to 16 July 2024.

The dispute was subsequently settled by mutual agreement between the parties. Pursuant to the settlement, the Group paid a total sum of RMB2.1 million in full and final settlement of all claims. The restricted bank deposits of RMB3.8 million previously placed under judicial preservation have been released accordingly. No provision was recognised in the consolidated financial statements in respect of this matter as the settlement amount was consistent with management's assessment.

44. EVENT AFTER THE REPORTING PERIOD

Save as disclosed in elsewhere in the consolidated financial statements, there are no material subsequent events undertaken by the Group after the reporting period required to disclose.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements.

FINANCIAL HIGHLIGHTS

	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Revenue	248,154	149,851	94,868	122,298	92,544
Gross profit	43,005	39,076	15,568	37,094	48,979
Net profit/(loss)	(55,253)	(119,095)	(143,648)	(73,543)	(23,654)
Profit/(loss) attributable to equity shareholders of the Company	(55,253)	(118,584)	(138,514)	(73,543)	(23,654)
Total assets	471,545	341,340	250,488	236,573	213,627
Total liabilities	277,746	266,959	285,021	347,919	267,814
	193,799	74,381	(34,533)	(111,346)	(54,187)
Equity attributable to:					
— Equity shareholders of the Company	193,799	74,892	(28,888)	(105,701)	(48,542)
— Non-controlling interests	—	(511)	(5,645)	(5,645)	(5,645)
	193,799	74,381	(34,533)	(111,346)	(54,187)
Gross profit margin ¹	17.3%	26.1%	16.7%	30.33%	52.92%
Net profit margin ²	(22.3)%	(79.5)%	(151.4)%	(60.13)%	(25.56)%
Current ratio ³	1.12	0.94	0.89	0.37	0.84
Quick ratio ⁴	1.05	0.82	0.76	0.33	0.83
Net debt to equity ratio ⁵	21.6%	62.0%	(457.7)%	(208.3)%	(303.2)%

1. Gross profit margin is calculated by dividing gross profit by revenue.

2. Net profit margin is calculated by dividing net profit by revenue.

3. Current ratio is calculated by dividing total current assets by total current liabilities.

4. Quick ratio is calculated by dividing total current assets less inventories by total current liabilities.

5. Net debt to equity ratio is calculated by dividing interest-bearing liabilities less cash and equivalents by total equity.