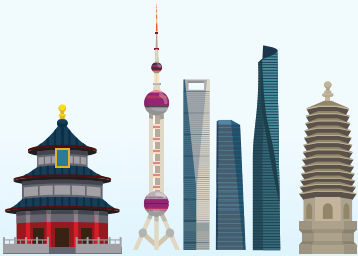




卡姆丹克太陽能系統集團有限公司 Comtec Solar Systems Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 712



2025

Annual Report



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CORPORATE INFORMATION

DIRECTORS

Executive Director

Mr. John Yi Zhang (*Chairman*)

Non-executive Directors

Mr. Dai Ji

Mr. Qiao Fenglin

Independent non-executive Directors

Mr. Jiang Qiang

Dr. Yan Ka Shing

Ms. Qiu Ping Maggie

COMPANY SECRETARY

Mr. Yuen Sing Wai Lester

AUTHORISED REPRESENTATIVES

Mr. John Yi Zhang

Mr. Qiao Fenglin

AUDIT COMMITTEE

Mr. Jiang Qiang (*Committee Chairman*)

Dr. Yan Ka Shing

Ms. Qiu Ping Maggie

NOMINATION COMMITTEE

Mr. John Yi Zhang (*Committee Chairman*)

Mr. Jiang Qiang

Mr. Qiao Fenglin

Dr. Yan Ka Shing

Ms. Qiu Ping Maggie

REMUNERATION COMMITTEE

Mr. Jiang Qiang (*Committee Chairman*)

Mr. John Yi Zhang

Mr. Qiao Fenglin

Dr. Yan Ka Shing

Ms. Qiu Ping Maggie

CORPORATE GOVERNANCE COMMITTEE

Mr. John Yi Zhang (*Committee Chairman*)

Mr. Jiang Qiang

Ms. Qiu Ping Maggie

REGISTERED OFFICE

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Cayman Islands

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PRC

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CORPORATE INFORMATION

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Registered Public Interest Entity Auditor
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LEGAL ADVISER AS TO HONG KONG LAW

David Fong & Co.

PRINCIPAL BANKS

Agriculture Bank of China
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
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Cayman Islands

HONG KONG SHARE REGISTRAR

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Hopewell Centre
183 Queen's Road East Wanchai
Hong Kong

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of Comtec Solar Systems Group Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”), I am pleased to present the annual report together with the audited annual results of the Group for the year ended 31 December 2025 (the “**Year**”).

During the Year, the Group continued to focus on its core solar and power storage businesses, which comprise (1) solar engineering, procurement and construction (“**EPC**”) services for rooftop distributed power generation projects and power storage projects around the PRC; (2) operations of rooftop distributed power generation projects on the rooftop of industrial, commercial and residential buildings; (3) production and sales of lithium battery power storage systems businesses for electric vehicles and power storage customers; as well as (4) logistics services.

RESULTS OF THE YEAR

The Year remained challenging amid macroeconomic headwinds, persistent high global interest rates, geopolitical uncertainties, and intense competition within the PRC’s “involution” economy. These factors adversely affected market demand for EPC services and lithium battery storage products, as well as our logistics operations.

Nevertheless, the Group achieved substantial progress in its renewable energy segment. Revenue from the solar and power storage business increased significantly by approximately 418% to RMB171.7 million, primarily driven by higher power generation income from our 11 existing rooftop projects and a major contribution from EPC services rendered to flywheel energy storage projects in Shanxi Province. As a result, the Group’s gross profit rose by 140% to RMB27.2 million. On a non-IFRS basis, the Group recorded a positive EBITDA of approximately RMB4.6 million, a meaningful turnaround from the operating losses in the last few years.

Our power generation business continued to deliver stable and recurring income. The flywheel-lithium iron phosphate battery hybrid energy storage system in Yongji City, Shanxi Province (the “**Yongji Flywheel Project**”), in which the Group holds a strategic minority interest, successfully commenced commercial operations and grid connection on 1 March 2025. This project has performed according to expectations and strengthens our foothold in the advanced energy storage sector.

In the logistics services segment, revenue declined due to intensified competition and loss of certain customers. We are actively implementing measures to stabilise and upgrade this business, including exploring opportunities in intelligent logistics and related value-added services.

The Group maintained stringent cost control throughout the Year, successfully reducing administrative and selling expenses. While the Group still recorded a loss before taxation of approximately RMB63.5 million, this reflects non-cash impairment provisions and elevated finance costs rather than underlying operational deterioration. Operationally, the Group has enlarged its business scale and strengthened its position in the high-growth renewable energy storage sector.

CHAIRMAN'S STATEMENT

STRATEGIC DEVELOPMENTS

Building on the success of the Yongji Flywheel Project, the Group is progressing with a larger opportunity – the proposed 150MW Fushan Flywheel Project in Shanxi Province. The feasibility study has been completed, and the Board has agreed to proceed with finalising and securing the project. We expect to secure the project and obtaining necessary approvals, including the internal shareholders approval and the external regulator's and financier's consensus in the first half of 2026, construction to commence in the second half of 2026, with operations targeted to commence by mid-2027. This project aligns with national policies supporting carbon peak and carbon neutrality goals and represents a significant step in scaling our energy storage capabilities.

We continue to explore further investments in the renewable energy storage field in Northeast China and Shanxi Province.

FINANCIAL POSITION OF THE GROUP

The Group has continued its deleveraging and capital structure optimisation efforts. Current ratio improved to 0.58 from 0.32 in the prior year. While working capital deficit and net liabilities remain areas of focus, the Board, together with the strategic investor who has substantially acquired the previous major debt, is working towards an amicable and sustainable settlement plan, including possible partial repayment, debt capitalisation and/or term extension. These efforts are expected to restore the Group's financial health over time.

PROSPECT

Looking ahead to 2026 and beyond, the PRC Government's continued policy support for new energy development provides a favourable backdrop for the Group. Distributed solar, advanced energy storage, and intelligent logistics are all strategically important sectors under national priorities.

Should the Fushan Flywheel Project be successfully implemented and commence operations as planned, the Board believes it has the potential to generate substantial and recurring profits. This would not only restore the Group's stable profit-generating capability, but also provide a strong catalyst to resolve the long-standing default debt history and address the liquidity and solvency challenges the Group has faced in recent years.

The Board will maintain a prudent and disciplined approach to capital allocation while accelerating development in our high-potential energy storage and EPC businesses. We are confident that the successful track record of the Yongji project, the pipeline of new energy storage initiatives, and ongoing operational improvements will drive sustainable growth and long-term value creation for shareholders.

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to all shareholders, business partners, customers, and employees for their continued support and confidence in the Group. We remain committed to executing our strategy and delivering sustainable returns through the energy transition.

John Yi Zhang

Chairman

Shanghai, 31 March 2026



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Year, the Group is principally engaged in the solar and power storage business and the provision of logistics services.

Solar and Power Storage Business

In the solar and power storage business, the Group continues to operate its 11 existing power generation projects from its roof-top solar systems by the Group's wholly-owned subsidiaries in Shanghai, Wuxi, Fuzhou, Guangdong, Zhuhai, Tianjin, Haian, Changshu for a stable revenue source during the Year. In addition, the Group continues to look for the opportunities to provide solar engineering, procurement and construction ("**EPC**") services for rooftop distributed generation projects to industrial and commercial properties' owners around the PRC. Apart from rooftop projects, since the Prior Year, the Group also provides EPC services to power storage companies, including projects of its investment of the FLBH Energy System (as defined below) in Shanxi Province.

Since 2023, the Group has strategically invested in a minority stake in an energy project focused on a flywheel-lithium iron phosphate battery hybrid energy storage system (the "**FLBH Energy System**") in Yongji City, Shanxi Province, the PRC (the "**Yongji Flywheel Project**"). The FLBH Energy System has been completed, connected to the Grid and commenced its operations during the Year on 1 March 2025. The Directors are confident that the returns on investments, by both equity and debt, will be solid and punctual in the years to come.

During the Year, the Directors continue to look for other investments in the Northeastern area of PRC and Shanxi Province in the field of power storage and renewable energy storage. Replicating the success of the Group's investment in the Yongji Flywheel Project, the Group is currently exploring a new investment in an energy storage project with a total capacity of 150MW, located in Fushan County, Shanxi Province, the PRC (the "**Fushan Flywheel Project**"). Its initial capacity will be 120MW, including 20MW flywheel energy storage and 100MW lithium battery energy storage. As mentioned in the voluntary announcement of business update in relation to the energy business of the Company dated 24 December 2025, the feasibility study report has been completed and the project is in the fundraising stage. On 24 December 2025, the Board unanimously approved to further proceed with the Fushan Flywheel Project, and authorised the management to form a specific project team to implement the subsequent work and to meet the relevant requirements from the government authorities and regulatory bodies, including but not limited to the requirements of the Listing Rules.

In the power storage (sales and production) business, the subsidiary has actively revamped its technology and products and we noted a stable inflow of new purchase orders to our lithium battery power storage systems and products. Unfortunately, this business has been affected significantly by the cut-throat competition in the involution Chinese Economy.

Logistic Services

In the logistics services segment, our subsidiary continued to pursue new contracts but has unfortunately been affected significantly by the cut-throat competition in the involution Chinese Economy yet again and lost a few customers during the Year. The Directors will persevere to improve the logistics business in the upcoming year 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

As disclosed in the Company's announcement dated 28 December 2023, the Group entered into an agreement with the vendor of Zhilian Cloud in relation to the acquisition of Zhilian Cloud ("**Zhilian Cloud Acquisition**"), a company which operates a logistics cloud technology platform that provides transportation management system, IoT product, logistics financial products, and different one-stop solutions catering to the varying needs of customers in the PRC, with a view to broaden the Group's revenue sources and enhance the profit margins of its existing logistics operations, thereby creating a foundation for the Group's future growth in intelligent logistics sector. However, due to internal restructuring at Zhilian Cloud and its affiliates, the Zhilian Cloud Acquisition is currently pending. The Directors are currently in active negotiation with the vendor and Zhilian Cloud to either proceed with the acquisition or explore other cooperation opportunities in the intelligent logistics sector.

The Group will continue to utilise its resources and network as well as the extensive investment experience of our board of directors and senior management to maintain an ongoing business development in the energy supply and storage business, sustainable commerce and economy, and intelligent logistic business.

FINANCIAL REVIEW

Revenue

Revenue from our businesses mainly included (1) power generation income, (2) EPC consulting services income for design, installation and construction of photovoltaic power stations and photovoltaic power systems, (3) income from sales of lithium battery power storage products, and (4) income from provision of logistics services. Revenue from solar and power storage increased by approximately RMB138.6 million, or 418%, from approximately RMB33.2 million for the Prior Year to approximately RMB171.7 million for the Year, primarily due to the RMB4.1 million increase in power generation revenue in the existing 11 power generation projects and the RMB 137.8 million increase in revenue generated from new EPC services provided to the flywheel energy projects in Shanxi. Revenue from logistics services business decreased by 61.9% to approximately RMB49.5 million for the Year as compared to approximately RMB130.0 million in the corresponding period in 2024, primarily due to the termination of contracts by a few customers during the Year.

Cost of sales and services

Cost of sales and services increased by 27.8% from approximately RMB151.8 million for the corresponding period in 2024 to approximately RMB194.0 million for the Year, generally in line with the increase in revenue.

Gross profit

During the Year, the Group recorded gross profit of approximately RMB27.2 million, representing an increase of approximately 140.1% from the gross profit of approximately RMB11.3 million for the corresponding period in 2024, as a result of the change in relative proportion of different sources of revenue.

Other income

During the Year, other income was approximately RMB9.7 million, representing an increase of 10.2%, from approximately RMB8.8 million for the corresponding period in 2024, due to an increase in rental income.

MANAGEMENT DISCUSSION AND ANALYSIS

Other gains and losses

Other losses were approximately RMB6.0 million during the Year, representing a decrease by approximately RMB3.8 million from other losses of approximately RMB9.8 million during the corresponding period in 2024. The decrease was primarily due to (i) the reduced extent of the decrease in the fair value of our investment properties by approximately RMB4.6 million; and (ii) a decrease in loss on written off of property, plant and equipment by approximately RMB1.0 million.

Selling and distribution expenses

Selling and distribution expenses decreased by RMB0.6 million, or 26.8%, from approximately RMB2.1 million for the corresponding period in 2024 to approximately RMB1.5 million for the Year, primarily due to the decrease in distribution costs during the Year.

Administrative expenses

Administrative expenses decreased by approximately RMB2.5 million, or 7.9%, from approximately RMB32.4 million for the corresponding period in 2024 to approximately RMB29.9 million for the Year, primarily due to the stringent cost control measures implemented by the Company.

Research and development expenses

Research and development expenses increased by approximately RMB0.7 million, or 92.7%, from approximately RMB0.8 million for the corresponding period in 2024 to approximately RMB1.5 million for the Year. The Group continue to invest in research and development for the latest technological advancement that contribute to the global sustainability and expand the use renewable energy in the World.

Finance costs

Interest expenses increased by approximately RMB5.4 million from approximately RMB24.4 million for the corresponding period in 2024 to approximately RMB29.8 million for the Year due to an increase in interest rates in some new loan raised in refinancing certain borrowings and an increase in debt raised for general working capital during the Year.

Impairment loss/reversal of impairment loss on financial assets

The Group recorded an impairment loss on financial assets, including but not limited to trade receivables, other receivables, etc. under the expected credit loss model, amounted to approximately RMB31.6 million for the Year, as compared to reversal of impairment loss on financial assets of approximately RMB774,000 in the Prior year, representing an increase in impairment loss expenses of RMB32.4 million or 4,188.6%. The management of the Group will continue to conduct regular review of the debtors' repayment histories, resources and financial capabilities to ensure the ability of repayment within the credit period.

Loss/profit before taxation

Loss before taxation was approximately RMB63.5 million for the Year, increased by approximately RMB14.8 million from loss of approximately RMB48.7 million for the corresponding period in 2024, due to the aforementioned factors.

MANAGEMENT DISCUSSION AND ANALYSIS

Taxation

The Group recorded tax expense of approximately RMB0.8 million during the Year, compared to tax expense of approximately RMB1.9 million for the corresponding period in 2024 mainly due to the decrease in deferred taxation accrued during the Year compared to the Prior Year.

Profit for the Period

Other comprehensive expenses

During the year ended 31 December 2023, the Company, through its indirectly 51% owned subsidiary, Comtec Energy Storage Technology (Liaoning) Limited (卡姆丹克儲能科技(遼寧)有限公司*) (“**Comtec Liaoning**”), invested into 15% equity interests in Shenyang Guoyun Weikong Energy Storage Technology Limited (瀋陽國雲微控儲能科技有限公 司*) (“**Shenyang Guoyun**”). Shenyang Guoyun, through Yongji Guoyun, being its wholly-owned subsidiary, holds the development project of a FLBH Energy System in the Economic and Technological Development Zone, Yongji City, Shanxi Province, the PRC. The valuation of such investment is recorded as financial asset with fair value measured through other comprehensive income/(expenses). As at 31 December 2025, the valuation amounted to RMB4.4 million (31 December 2024: RMB3.4 million) on the consolidated balance sheet of the Group. As a result, the Group recorded other comprehensive expenses attributable to the owners of the Company of approximately RMB1.0 million during the Year partially offset by certain investment at its initial stage during the year.

Loss and total comprehensive expenses attributable to the owners of the Company

Loss and total comprehensive expenses attributable to the owners of the Company in the Year amounted to RMB63.0 million, representing an increase of 30.5% year-on-year.

Non-IFRS Financial Measure

To supplement the consolidated results of the Group prepared in accordance with IFRS, an additional, but typical non-IFRS financial measure, earning before interests, tax, depreciation and amortisation (“**EBITDA**”) has been presented in this report. Such unaudited non-IFRS financial measure, EBITDA, should be considered in addition to, not as a substitute for, measures of the Group’s financial performance prepared in accordance with IFRS. In addition, the EBITDA may be defined differently from similar terms used by other companies. In this report, EBITDA is calculated as loss before taxation add back (i) non-cash fair value changes of an investment property; (ii) non-cash impairment losses on financial assets; (iii) finance costs on borrowings; (iv) non-cash depreciation of property, plants and equipments, right-of-use assets and minus reversal of impairment losses on financial assets, provided by the Group as an approximation of the Group’s Operating Profit/Loss.

The Company’s management believes that the EBITDA provide investors and creditors with useful supplementary information to assess the performance of the Group’s core operations by excluding certain non-cash items.

MANAGEMENT DISCUSSION AND ANALYSIS

The following tables set forth the reconciliations of the Group's EBITDA for the Year and the Prior Year to the nearest measures prepared in accordance with IFRS:

	2025	2024
	RMB'000	RMB'000
Loss before taxation	(63,511)	(48,667)
Add back:		
Non-cash fair value changes of an investment property	4,649	7,534
Non-cash impairment losses on financial assets, net of reversal	31,646	(774)
Finance costs	29,805	24,403
Non-cash depreciation of PPE, right-of-use assets	2,003	5,862
Non-IFRS Group's Operating Profit/(Loss)	4,592	(11,642)

Dividend

The Board resolved not to declare final dividend for the Year (prior year ended 31 December 2024: nil).

Liquidity and financial resources

As at 31 December 2025, the Group's current ratio (current assets divided by current liabilities) was 0.58 (31 December 2024: 0.32). The gearing ratio (total liabilities divided by total equity) was 2.88 (31 December 2024: 1.91). The Group had a working capital deficit (total consolidated current liabilities exceeded total consolidated current assets) of approximately RMB251.2 million as of 31 December 2025 (31 December 2024: approximately RMB175.9 million). Also, the Group recorded net liabilities of approximately RMB223.7 million as of 31 December 2025 (31 December 2024: approximately RMB160.4 million).

Capital commitments

As at 31 December 2025, the Group's capital commitment was nil (31 December 2024: nil). The Group currently has no plan to further expand its production capacity of traditional solar manufacturing business. In addition, the Group would carefully plan for the expansion of its rooftop distributed generation projects, power storage business and the logistics business which would depend on and subject to the market conditions and opportunities.

Contingent liabilities

As at 31 December 2025, there was no material contingent liability (31 December 2024: nil).

Charges on group assets

As at 31 December 2025, the Group had RMB5,000 pledged bank deposit for raising borrowing restricted cash (31 December 2024: RMB5,000), and pledged certain trade receivables and plant and machines to secure financing facilities granted to the Group. Save as disclosed above, as at 31 December 2025, no other assets of the Group were charged.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS

During the Year, save as disclosed in other section of this report, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

SIGNIFICANT INVESTMENT HELD

During the Year, the Company, through its indirectly 51% owned subsidiary, Comtec Liaoning (卡姆丹克儲能科技(遼寧)有限公司*), continued to invest in 15% equity interests in Shenyang Guoyun (瀋陽國雲微控儲能科技有限公司*). Shenyang Guoyun, through Yongji Guoyun, being its wholly-owned subsidiary, holds the development project of a FLBH Energy System in the Economic and Technological Development Zone, Yongji City, Shanxi Province, the PRC. The valuation of such investment is recorded as financial asset with fair value measured through other comprehensive income. As at 31 December 2025, the valuation amounted to RMB4.4 million (31 December 2024: RMB3.4 million) on the consolidated balance sheet of the Group. On 28 November 2023, Comtec Liaoning, as lender entered into the loan agreement with Shenyang Guoyun, as borrower, pursuant to which, Comtec Liaoning agreed to grant a loan of RMB8.5 million to Shenyang Guoyun, for a term of 36 months from the date of drawdown (i.e. on or before 15 December 2023). The loan is unsecured and it bears interest of 10% per annum.

OUTLOOK

Asset allocation and/or refinancing, and deleveraging

As the Group has fully suspended its upstream manufacturing business including manufacturing and sales of solar wafers and related products which recorded operating losses in the last few years and has been undergoing corporate restructuring since 2020, we have diligently executed our strategies of disposing assets and properties with low utilisation to improve asset utilisation, reallocating resources to improve our capital structure, lowering our gearing ratio, and refinancing our assets and properties to enhance cashflow when opportunities arise. The Group is actively considering other investments in the Northeastern area of PRC in the field of power storage and renewable energy storage and the Company will make further announcement(s) to keep its shareholders and potential investors informed of any update as and when appropriate.

Further development of the logistics business segment

The Group plans to endeavour into the fields of carriage of dangerous goods, intelligent logistics and logistics finance by obtaining relevant licenses where necessary and partnering with certain local PRC government(s) as equity investor(s) as well as teams of specialists with industry knowhow and IT engineering expertise.

Strengthening our EPC business

Benefiting from national policy and the government's active promotion of achieving the goals of "carbon peak" and "carbon neutrality," the popularity of distributed photovoltaic power generation continues to rise, creating significant market development opportunities.

The Group has undertaken more than 30 distributed photovoltaic power generation EPC projects since 2017, including a project located in Shanghai with a capacity of 4,000 kW this year. Hampered by the COVID-19 pandemic in the past few years, the EPC business has slowed down, and the Group now focuses on strengthening its EPC business by forming partnership(s) with professional industry investor(s) to undertake more EPC projects in the coming years. The Company will make further update(s) and/or announcement(s) on this as and when appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

Strategic investments

The Group keeps an open mind for solid investment opportunities which can benefit our Group by, among others, delivering satisfying returns, bringing synergy and opportunities to existing businesses of the Group and enabling the Group to promote industrial upgrading. For instance, the Group invested in a frequency modulation energy-storage power station project (which involves an innovative flywheel energy storage technology) with a state-owned enterprise and one of the flywheel energy storage leaders in 2023. The Directors will continue to explore different opportunities and the potential opportunities of such investments will be disclosed as and when appropriate.

Energy Business – Fushan Project

In addition to the Group's existing rooftop solar operations, in 2023, the Group strategically invested in a minority stake in an energy project focused on a flywheel-lithium iron phosphate battery hybrid energy storage system in Shanxi Province, the PRC (the "**Shanxi Flywheel Project**"). Building on the Group's investment in the Shanxi Flywheel Project, the Group is currently exploring a new investment in a flywheel energy project with a total capacity of 150MW, including 20MW/2MWh flywheel energy storage and 130MW/200MWh lithium battery energy storage located in Fushan County, Shanxi Province, the PRC ("**Fushan Project**").

The feasibility study report has been completed during the first half of 2025 and the Group entered into the letter of intent in relation to the Group's possible investment in the Fushan Project in March 2025.

The project is currently in the planning and initial stage, expecting to start construction in the second half of 2026 and be completed and put into operation in mid-2027.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. John Yi Zhang (“Mr. Zhang”), aged 64, is as an executive Director and the chairman of the Board of the Company, responsible for the overall strategy and operation of our Group. Mr. Zhang is also a director of certain subsidiaries of the Group. Mr. Zhang has accumulated vast experience in the semiconductor and solar industries from both his founding and development of the Group and his prior professional experience. Prior to founding the Group, Mr. Zhang joined Silicon Systems Inc. which was a semiconductor technology company in California, U.S., in 1992 as an engineer and was responsible for developing and designing communication firmware used in silicon chips. Mr. Zhang graduated from 清華大學 (Tsinghua University) in July 1985 with a Bachelor’s degree in Electrical Engineering and from Utah State University with a Master’s degree in Electrical Engineering in August 1988.

NON-EXECUTIVE DIRECTOR

Mr. Dai Ji (“Mr. Dai”), aged 48, is a non-executive Director and the vice chairman of the Board of the Company. Mr. Dai is primarily engaged in investing in a portfolio of companies in the biomedical technologies and big data industries in the People’s Republic of China (the “PRC”). Mr. Dai has over eleven years of managerial experience in financial industry. Mr. Dai joined Minsheng Financial Leasing Co., Ltd.* (民生金融租賃股份有限公司) (“MSFL”), a company primarily engaged in provision of financial leasing services, at the time when it was founded in 2008 in the PRC. Since joining MSFL in 2008, Mr. Dai had assumed various roles including but not limited to its director and vice president and was primarily responsible for its operations and capital financing until July 2017 when he departed from MSFL. Mr. Dai received his bachelor’s degree in finance and master of business administration degree from the Hawaii Pacific University in 2002 and 2004 respectively. Mr. Dai holds the certificate of senior banking management personnel in the PRC and the certificate of professional senior management of private equity fund in the PRC.

Mr. Qiao Fenglin (“Mr. Qiao”), aged 47, was appointed as a non-executive Director, a member of the nomination committee and a member of the remuneration committee of the Board in March 2020. Mr. Qiao has experience in investment, financing and asset management in industries such as real estate, renewable energy, healthcare and education. From February 2018 to date, Mr. Qiao has been the chief executive officer of Tianjin Jinhe Private Equity Fund Management Co., Ltd. From September 2009 to February 2018, Mr. Qiao was a deputy director of marketing at MSFL. Mr. Qiao Fenglin received his bachelor’s degree in economics from the Tianjin College of Commerce in June 2002 and a master degree in industrial economics from Nankai University in July 2005.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Jiang Qiang (“Mr. Jiang”), aged 54, was appointed as an independent non-executive Director since 12 March 2021, the chairman of the audit committee and the remuneration committee of the Board, and a member of the nomination committee and the corporate governance committee of the Board in March 2021. Mr. Jiang has accumulated over 20 years of experience in audit, corporate finance and financial management. From June 2002 to March 2012, Mr. Jiang has been serving as the deputy manager and chief financial officer of Shandong Weigao Group Medical Polymer Company Limited*, a company listed on the Stock Exchange (stock code: 1066), being responsible for overall management in finance, strategy plan and investment of the group. Thereafter, during the period from March 2012 to March 2015, Mr. Jiang had also been the chief operation officer, director and the chairman of strategic committee of Biosensors International Group Ltd., the issued shares of which were previously listed on Singapore Exchange, and the Company was voluntarily delisted in April 2016. Also, since 2015 to present, Mr. Jiang has been serving as the chairman of the board of Ming Yi Zhong He Technology (Beijing) Limited* (明醫眾禾科技(北京)有限責任公司) and Qingdao Yi Sheng Jian Medical Management Limited* (青島頤生健醫療管理有限公司). Mr. Jiang Qiang graduated from Harbin Institute of Technology with a Bachelor Degree in Business Administration, and obtained his Master Degree in International Finance Management from the Dongbei University of Finance and Economics.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Yan Ka Shing (甄嘉勝), aged 40, was appointed and has been an independent non-executive Director of the Group since 1 July 2021. Dr. Yan is a member of the Audit Committee, Nomination Committee and the Remuneration Committee of the Group, where he is primarily responsible for providing independent advice to the Board. Dr. Yan has extensive experience in the medical industry and has served in various hospitals managed by the Hospital Authority (the “HA”) in Hong Kong since July 2011. He is a registered doctor and a Specialist in Endocrinology, Diabetes & Metabolism in Hong Kong, and currently holds a position of Associate Consultant in the HA. Dr. Yan obtained his Bachelor of Medicine and Bachelor of Surgery (MBBS) degree from the University of Hong Kong in November 2011, the Membership of the Royal Colleges of Physicians of the United Kingdom (MRCP (UK)), a postgraduate medical diploma in the United Kingdom, in March 2016, the Postgraduate Diploma in Infectious Diseases from the University of Hong Kong (PDipID (HK)) in October 2019, and the Postgraduate Diploma in Family Medicine from the Hong Kong College of Family Physicians in June 2024. He was admitted as a member of the Hong Kong College of Physicians in January 2017, then became Fellow and Specialist in Endocrinology, Diabetes and Metabolism, and has held fellowships from the Hong Kong College of Physicians and the Hong Kong Academy of Medicine (Medicine), since September 2020 and December 2020, respectively. Also, he has been a member of the Hong Kong Medical Association since July 2011. Dr. Yan was appointed and has been an independent non-executive director of Victory Securities (Holdings) Company Limited (“**Victory Securities**”, stock code: 8540.HK) and China United Venture Investment Limited (formerly known as Glory Mark Hi-Tech (Holdings) Limited, “**CUVI**”, stock code: 8159) since 14 June 2018 and 5 December 2019, respectively, where he is primarily responsible for providing independent advice to the Board. Dr. Yan was appointed and has been the Lead Independent Director of CUVI since 30 May 2024, and is currently the co-chair of audit committee, chairman of nomination committee and remuneration committee, a member of strategy and development committee and executive committee of CUVI. He is also currently the chairman of nomination committee, a member of audit committee and remuneration committee of Victory Securities.

Ms. Qiu Ping Maggie (邱萍), aged 47, was appointed as an independent non-executive Director, and a member of each of the audit committee, the remuneration committee, the nomination committee and the corporate governance committee of the Board since 6 May 2024. Ms. Qiu has extensive experience in the fields of legal, compliance, corporate governance, mergers and acquisitions, cross-border transactions, fund-raising, corporate finance and project management. In particular, she has more than 20 years of experience with companies listed on The Nasdaq Stock Market (the “**NASDAQ**”) and The Stock Exchange of Hong Kong Limited as well as multinational companies. Ms. Qiu has gained solid professionalism from her years of career in the Hong Kong and overseas financial and capital markets. Ms. Qiu was appointed as a non-executive director and the company secretary of Beijing Energy International Holding Co., Ltd (“**Beijing Energy**”, formerly known as Panda Green Energy Group Limited, United Photovoltaics Group Limited and Goldpoly New Energy Holdings Limited) (stock code: 686), the issued shares of which were listed on the Main Board of the Stock Exchange, in June 2013 and August 2013, respectively. She was subsequently re-designated as an executive director in August 2015, and simultaneously served as the executive president during her tenure with Beijing Energy. Ms. Qiu retired from her office as the executive director in June 2018, and ceased to act as the company secretary and executive president of Beijing Energy in October 2018. After the retirement from her offices, Ms. Qiu continued to serve as a consultant, providing advices in relation to, among other matters, corporate governance (company secretarial matters) and compliance (listing matters) to Beijing Energy until March 2021. Prior to joining Beijing Energy, Ms. Qiu served as a director and president of China Merchants New Energy Holdings Limited (“**CMNEH**”) as well as the company secretary and senior vice president of the holding company of CMNEH, which is principally engaged in renewable energy (the common stock of which was listed on the NASDAQ), for about 8 years, during which she was responsible for overseeing legal, compliance, corporate governance and personnel matters. Ms. Qiu holds a bachelor’s degree in Economics and a bachelor’s degree in German Literature from Peking University, a master’s degree in European Culture and Economy from Ruhr University Bochum in Germany, and a master of laws in Corporate and Financial Law from the University of Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Che Xiaoxi (“Mr. Che”), aged 37, is the Chief Operation Officer of the Company, responsible for investor and governmental relations and project finance. Mr. Che joined the Company in July 2017 as an assistant to the chief executive officer of the Company. He served as chief investment officer of (華夏融(北京)資產管理有限公司) Huaxiarong (Beijing) Asset Management Co., Ltd.* from October 2015 to June 2017, and investment manager of (深圳市祥駿投資發展有限公司) Shenzhen Xiangjun Investment Development Co., Ltd.*, responsible for project investment and management before and after project investment, from December 2013 to September 2015. Mr. Che received his bachelor’s degree in Applied Finance and master’s degree in Finance from Macquarie University in Australia in April 2014.

* For identification purposes only

REPORT OF THE BOARD OF DIRECTORS

The Board is pleased to present their report together with the audited consolidated financial statements for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the solar and power storage business and provision of logistic services. The activities of the principal subsidiaries are further set out in note 38 to the consolidated financial statements. An analysis of the Group's performance for the Year by operating segment is set out in note 3 to the consolidated financial statements.

Further discussion and analysis of these activities, including an indication of likely future development in the Group's business, can be found in the "Management Discussion and Analysis" in this annual report. Such discussion forms part of this directors' report.

SUBSIDIARIES

Details of the principal subsidiaries of the Group as at 31 December 2025 are set out in note 38 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group's business during the Year, which includes a discussion of the principal risks and uncertainties facing by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the Year, and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report. The financial risk management objectives and policies of the Group can also be found in note 40 to the consolidated financial statements. The review forms part of this directors' report.

FINANCIAL STATEMENTS

The summary of the results, assets and liabilities of the Group for the Year and the state of the Company's and the Group's affairs as at 31 December 2025 are set out in the consolidated financial statements on pages 72 to 176 of this annual report.

FINANCIAL SUMMARY

A summary of the Group's results, assets, liabilities for the last five financial years are set out on page 178 of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the audited consolidated statement of profit or loss and other comprehensive income.

The Board recommended that since the Company plans to reserve the cash for working capital requirement and any potential investment opportunities in the future, no dividend will be declared for the Year.

The Company may consider its dividend policy in the future according to the financial results and performance of the Company, and the general industry and economic environment.

REPORT OF THE BOARD OF DIRECTORS

RESERVES

Details of movements in reserves of the Group and the Company for the Year are set out in the consolidated statement of changes in equity and note 37 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES

There was no reserve available for distribution to Shareholders as at 31 December 2025.

CHARITABLE DONATIONS

The Company did not make any charitable and other donations during the Year.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group for the Year are set out in note 13(a) to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in note 32 to the consolidated financial statements.

DIRECTORS

The Directors during the Year and as of the date of this annual report were:

Executive Director

Mr. John Yi Zhang (*Chairman*)

Non-executive Directors

Mr. Dai Ji

Mr. Qiao Fenglin

Independent Non-executive Directors

Mr. Jiang Qiang

Dr. Yan Ka Shing

Ms. Qiu Ping Maggie

The Company has received annual confirmations of independence from each of the existing independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent in accordance with the Listing Rules.

In accordance with articles of the Company's articles of association, Mr. Qiao Fenglin and Dr. Yan Ka Shing will retire from the Board by rotation at the forthcoming annual general meeting. Mr. Qiao Fenglin and Dr. Yan Ka Shing, being eligible, offer themselves for re-election. Neither Mr. Qiao Fenglin and Dr. Yan Ka Shing has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

REPORT OF THE BOARD OF DIRECTORS

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management are set out on pages 14 to 16 of this annual report.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this annual report, no transactions, arrangements or contracts to which the Company or any of its subsidiaries was a party to and in which a Director or its connected entity (within the meaning of section 486 of the Companies Ordinance) had a material interest in, whether directly or indirectly, and subsisted as of 31 December 2025 or at any time throughout the Year.

DIRECTORS' SERVICE CONTRACTS

Please refer to the paragraph headed "Appointments, Re-election and Removal of Directors" under the section headed "Corporate Governance Report" for details of the service contracts of the Directors.

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

DIRECTORS' AND SENIOR EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the Directors and the chief executive of the Company and their respective associates had the following interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are 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:

REPORT OF THE BOARD OF DIRECTORS

Long positions in the Company:

Name of Director	Nature of interest	Number of consolidated shares interested	Approximate percentage of interest in the issued share capital of the Company as at 31 December 2025
Mr. John Yi Zhang ¹	Beneficiary of a trust, interest in a controlled corporation, interest of spouse and founder of a trust	122,970,887	11.60%
Mr. Dai Ji	Beneficial owner	67,500,000	6.37%

Note:

- (1) Fonty, which is 100% beneficially owned by Mr. Zhang, held 111,013,461 consolidated Shares ("**Consolidated Shares**"). For the purposes of the SFO, Mr. Zhang is also deemed to be interested in 11,957,426 Consolidated Shares which are beneficially owned by Zhang Trusts For Descendants as the founder of the trust.

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed in this report, at no time throughout the Year was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations (within the meaning of Part XV of the SFO).

REPORT OF THE BOARD OF DIRECTORS

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

So far as is known to any Director or chief executive of the Company, as at 31 December 2025, the persons or corporations (other than Director or chief executive of the Company) who had interest or short positions in the Shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in the Company

Name of Shareholders	Nature of interest	Number of consolidated shares interested	Approximate percentage of interest in the issued share capital of the Company as at 31 December 2025
Fonty	Beneficial owner	111,013,461	10.47%
Ms. Carrie Wang ¹	Interest of spouse	122,970,887	11.60%
Mr. Sun Da	Beneficial owner	104,885,179	9.90%
China Digital Development Group Limited ²	Beneficial owner	95,238,094	8.98%
Mr. Wu Jun ²	Interest in a controlled corporation	95,238,094	8.98%
CHINA SUCCESS INVESTMENT GROUP LIMITED ³	Beneficial owner	15,605,100	1.47%
Mr. Chang Loong Cheong ³	Interest in a controlled corporation	68,925,100	6.50%
Brotherhood Limited ³	Beneficial owner	53,320,000	5.03%
FAIRY SKY GLOBAL LIMITED	Beneficial owner	67,976,316	6.41%
Ms. Zhao Xiaoqun	Interest in a controlled corporation	67,976,316	6.41%

Notes:

- (1) Ms. Carrie Wang is the spouse of Mr. John Yi Zhang, therefore, pursuant to the SFO, she is deemed to be interested in all the Shares in which Mr. John Yi Zhang is interested.
- (2) China Digital Development Group Limited is wholly owned by Mr. Wu Jun. Therefore, Mr. Wu Jun is deemed to be interested in the 68,694,267 Shares held by China Digital Development Group Limited.
- (3) Brotherhood Limited is wholly owned by CHINA SUCCESS INVESTMENT GROUP LIMITED and CHINA SUCCESS INVESTMENT GROUP LIMITED is controlled by Mr. Chang Loong Cheong. Therefore, Mr. Chang Loong Cheong is deemed to be interested in the 68,925,100 Shares held by CHINA SUCCESS INVESTMENT GROUP LIMITED and Brotherhood Limited.
- (4) FAIRY SKY GLOBAL LIMITED is controlled by Ms. Zhao Xiaoqun. Therefore, Ms. Zhao Xiaoqun is deemed to be interested in the 67,976,316 Shares held by FAIRY SKY GLOBAL LIMITED.

REPORT OF THE BOARD OF DIRECTORS

Save as disclosed above, as at 31 December 2025, the Directors of the Company are not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company which would require to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEMES

Share Option Scheme

The Company adopted a share option scheme (the “**Old Share Option Scheme**”) on 2 October 2009 for the purpose of motivating eligible persons to optimise their future contributions to the Group and/or reward them for their past contributions, attracting and retaining or otherwise maintaining on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

As at 31 December 2025, the total number of shares of the Company under the Old Share Option Scheme which may be issued upon exercise of all outstanding share options was 15,296,544 (after the Share Consolidation), representing approximately 1.44% of the shares of the Company in issue on 31 December since the old share option scheme was terminated on 1 October 2019, no further options can be granted under it. However, the share options granted under the Old Share Option Scheme prior to its termination shall continue to be valid and exercisable in accordance with the terms of the Old Share Option Scheme.

During the Year, outstanding share options of 15,650,000 (after the Share Consolidation) granted under the Old Share Option Scheme were lapsed.

In view of, among others, the fact that the Old Share Option Scheme expired on 1 October 2019, and for the same purposes above, the Company conditionally adopted a new share option scheme (the “**New Share Option Scheme**”) on 31 December 2018 (the “**Adoption Date**”). The New Share Option Scheme became unconditional and took effect on 17 January 2019 upon the Listing Committee’s granting the listing of, and permission to deal in the Shares falling to be issued pursuant to the exercise of option under the New Share Option Scheme, and the Old Share Option Scheme was terminated on even date.

Under the New Share Option Scheme, the aggregate number of Shares in respect of which options (including both exercised and outstanding options) may be granted under the New Share Option Scheme and any other share option scheme(s) of the Company shall not, in aggregate exceed 10% of the total number of Shares in issue on the Adoption Date, i.e. 209,770,358 Unconsolidated Shares. The eligible persons for participating in the New Share Option Scheme are (i) any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group; (ii) a Director or proposed Director (including an independent non-executive Director) of any member of the Group; (iii) a direct or indirect Shareholder of any member of the Group whom the Board considers, in its sole discretion has contributed or will contribute to the Group; (iv) a supplier of goods or services to any member of the Group; (v) a customer, consultant, business or joint venture partner, franchise, contractor, agent or representative of any member of the Group; (vi) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and (vii) any other person (including any individual staff member of any consultant, adviser, distributor, contractor, supplier, agent, customer, business partner, joint venture business partner, promoter or service provider of any member of the Group) whom the Board considers, in its sole discretion, has contributed or will contribute to the Group.

REPORT OF THE BOARD OF DIRECTORS

As at 31 December 2025, the total number of shares of the Company under the New Share Option Scheme which may be issued upon exercise of all outstanding share options was 22,982,956 (after the Share Consolidation), representing approximately 2.17% of the shares of the Company in issue on 31 December 2025.

No option may be granted to any participant of the New Share Option Scheme such that the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time.

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. Participants of the New Share Option Scheme are required to pay the Company HK\$1.0 upon acceptance of the grant on or before the 28 days after the offer date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheets on the offer date; and
- (c) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the offer date.

The New Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date, after which no further options will be granted or offered. From 1 January 2023, the Company will rely on the traditional arrangement provided for the existing share schemes and will comply with the new Chapter 17 of the Listing Rules, which became effective from 1 January 2023.

REPORT OF THE BOARD OF DIRECTORS

Details of the share options exercised and lapsed under the Old Share Option Scheme during the Year are as follows:

Grantee	Date of grant	Exercise price per Share	After share consolidation				Balance as at 31 December 2025
			Balance as at 1 January 2025	Share options granted during the Year	Exercised during the Year	Lapsed during the Year	
Director							
Mr. Chau Kwok Keung	2 May 2017	HK\$1.340	375,000	-	-	-	375,000
Mr. Kang Sun ⁽¹³⁾	2 May 2017	HK\$1.340	50,000	-	-	-	50,000
Mr. Leung Ming Shu ⁽¹³⁾	2 May 2017	HK\$1.340	50,000	-	-	-	50,000
Mr. Xu Erming ⁽¹³⁾	2 May 2017	HK\$1.340	50,000	-	-	-	50,000
Mr. Zhang Zhen	2 May 2017	HK\$1.340	375,000	-	-	-	375,000
Other participants							
Employees	15 June 2018	HK\$0.604	1,150,000	-	-	-	1,150,000
Employees	2 May 2017	HK\$1.340	1,975,000	-	-	-	1,975,000
Consultants	15 June 2018	HK\$0.604	4,171,544	-	-	-	4,171,544
Consultants	2 May 2017	HK\$1.340	2,600,000	-	-	-	2,600,000
Consultants	9 September 2016	HK\$2.240	4,500,000	-	-	-	4,500,000
Consultants	25 November 2015	HK\$2.944	10,650,000	-	-	(10,650,000)	-
Consultants	26 June 2015	HK\$6.000	5,000,000	-	-	(5,000,000)	-
Total			30,946,544	-	-	(225,000)	15,296,544

Notes:

- (1) All Share options granted under the Old Share Option Scheme on 30 September 2013 have either lapsed or been cancelled by the grantees.
- (2) All Share Options granted under the Old Share Option Scheme on 31 March 2014 have either lapsed or been cancelled by the grantees.
- (3) All Share options granted under the Old Share Option Scheme on 11 May 2015 have either lapsed or been cancelled by the grantees.

REPORT OF THE BOARD OF DIRECTORS

- (4) All Share options granted under the Old Share Option Scheme on 26 June 2015 have either lapsed or been cancelled by the grantees.
- (5) All Share options granted under the Old Share Option Scheme on 25 November 2015 have either lapsed or been cancelled by the grantees.
- (6) Share options granted under the Old Share Option Scheme on 9 September 2016 shall vest in the grantees in accordance with the timetable below with a 10-year exercise period (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "**Vesting Date**"):

Vesting Date	Percentage of Share Options to vest
9 September 2016	50% of the total number of Share Options granted
9 December 2016	12.5% of the total number of Share Options granted
9 March 2017	12.5% of the total number of Share Options granted
9 June 2017	12.5% of the total number of Share Options granted
9 September 2017	12.5% of the total number of Share Options granted

- (7) Share options granted under the Old Share Option Scheme on 2 May 2017 shall vest in the grantees in accordance with the timetable below with a 10-year exercise period (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "**Vesting Date**"):

The 2,875,000 (after the Share Consolidation) Share Options (including the Share Options granted to the Directors) shall be subject to a vesting schedule as follows:

Vesting Date	Percentage of Share Options to vest
2 August 2017	12.5% of the total number of Share Options granted
2 November 2017	12.5% of the total number of Share Options granted
2 February 2018	12.5% of the total number of Share Options granted
2 May 2018	12.5% of the total number of Share Options granted
2 August 2018	12.5% of the total number of Share Options granted
2 November 2018	12.5% of the total number of Share Options granted
2 February 2019	12.5% of the total number of Share Options granted
2 May 2019	12.5% of the total number of Share Options granted

The remaining 2,600,000 (after the Share Consolidation) Share Options (including the Share Options granted to the consultant) shall be subject to a vesting schedule as follows:

Vesting Date	Percentage of Share Options to vest
2 May 2017	50% of the total number of Share Options granted
2 August 2017	12.5% of the total number of Share Options granted
2 November 2017	12.5% of the total number of Share Options granted
2 February 2018	12.5% of the total number of Share Options granted
2 May 2018	12.5% of the total number of Share Options granted

REPORT OF THE BOARD OF DIRECTORS

- (8) The Company granted a total of 8,100,000 (after the Share Consolidation) Share Options on 2 May 2017, among which 1,050,000 (after the Share Consolidation) were not accepted by the relevant grantees.
- (9) Share options granted under the Old Share Option Scheme on 15 June 2018 shall vest in the grantees in accordance with the timetable below with a 10-year exercise period (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a **"Vesting Date"**):

Out of the 5,496,544 (after the Share Consolidation) Share Options granted, 4,171,544 (after the Share Consolidation) Share Options shall be subject to a vesting schedule as follows:

Vesting Date	Percentage of Share Options to vest
15 June 2018	50% of the total number of Share Options granted
15 September 2018	12.5% of the total number of Share Options granted
15 December 2018	12.5% of the total number of Share Options granted
15 March 2019	12.5% of the total number of Share Options granted
15 June 2019	12.5% of the total number of Share Options granted

The remaining 1,150,000 (after the Share Consolidation) Share Options shall be subject to a vesting schedule as follows:

Vesting Date	Percentage of Share Options to vest
15 September 2018	12.5% of the total number of Share Options granted
15 December 2018	12.5% of the total number of Share Options granted
15 March 2019	12.5% of the total number of Share Options granted
15 June 2019	12.5% of the total number of Share Options granted
15 September 2019	12.5% of the total number of Share Options granted
15 December 2019	12.5% of the total number of Share Options granted
15 March 2020	12.5% of the total number of Share Options granted
15 June 2020	12.5% of the total number of Share Options granted

- (10) Mr. Kang Sun, Mr. Leung Ming Shu and Mr. Xu Erming resigned as a Director on 20 March 2021, 10 February 2021 and 29 January 2021 respectively.

REPORT OF THE BOARD OF DIRECTORS

Detail of the movement of the share options granted under the New Share Option Scheme during the Year are as follows:

Grantee	Date of grant	Exercise price per Share	After share consolidation				Balance as at 31 December 2025
			Balance as at 1 January 2025	Share options granted during the Year	Exercised during the Year	Lapsed during the Year	
Director							
Mr. Kang Sun ⁽²⁾	29 May 2019	HK\$0.280	150,000	-	-	-	150,000
Mr. Leung Ming Shu ⁽²⁾	29 May 2019	HK\$0.280	100,000	-	-	-	100,000
Other participants							
Employees	29 May 2019	HK\$0.280	2,704,500	-	-	-	2,704,500
Consultants	29 May 2019	HK\$0.280	20,028,456	-	-	-	20,028,456
Total			22,982,956	-	-	-	22,982,956

Notes:

- (1) Share options granted under the New Share Option Scheme on 29 May 2019 shall vest in the relevant grantee in accordance with the timetable below with a 10-year exercise period (for the purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	Percentage of Share Options to vest
29 May 2019	50% of the total number of Share Options granted
29 August 2019	12.5% of the total number of Share Options granted
29 November 2019	12.5% of the total number of Share Options granted
29 February 2020	12.5% of the total number of Share Options granted
29 May 2020	12.5% of the total number of Share Options granted

- (2) Mr. Kang Sun and Mr. Leung Ming Shu resigned as a Director on 20 March 2021 and 10 February 2021 respectively.

During the Year, save as disclosed above, no options granted under the New Share Option Scheme were lapsed or cancelled.

Further details of the Old Share Option Scheme and the New Share Option Scheme are set out in note 33 to the financial statements.

REPORT OF THE BOARD OF DIRECTORS

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in “Share Option Schemes” above, at no time during the Year, were there rights to acquire benefits by means of the acquisition of Share in or debentures of the Company granted to any Director of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of Shares in, or debt securities (including debentures) of the Company or any other body corporate.

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

Save as disclosed herein, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Year.

NON-COMPETE UNDERTAKINGS

Each of the Controlling Shareholders has confirmed to the Company of his/her compliance with the non-compete undertakings provided to the Company under the Non-competition Deeds (as defined in the Prospectus). The independent non-executive Directors of the Company have reviewed the status of compliance and confirmed that all the undertakings under the Non-competition Deeds have been complied with by the Controlling Shareholders.

DIRECTORS’ INTEREST IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group’s business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group’s business at any time throughout the Year and up to and including the date of this annual report.

RELATED PARTY TRANSACTIONS

Please refer to note 34 to the consolidated financial statements in this annual report for details of the material related party transactions pursuant to International Financial Reporting Standards (the “IFRS”). The related party transactions as disclosed in note 34 are not considered as connected transactions. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACTS

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

REPORT OF THE BOARD OF DIRECTORS

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organisation which is open and accountable to the Shareholders. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for its Shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimise return for Shareholders.

Saved as the exceptions subsequently disclosed under the Corporate Governance Report, the Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix C1 for the most of time throughout the Year.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, as at the end of and throughout the Year, the Company did not enter into (i) any agreement that will or may result in the Company issuing Shares; or (ii) any agreement requiring the Company to enter into any agreement specified in (i).

PERMITTED INDEMNITY PROVISION

Pursuant to Article 164 of the Articles of Association of the Company, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which the Directors or any of the Directors shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of the Directors shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands where the Company is incorporated applicable to the Company.

REPORT OF THE BOARD OF DIRECTORS

EMPLOYEES

Human resources are one of the greatest assets of the Group and the Group regards the personal development of its employees as highly important. The Group wants to continue to be an attractive employer for committed employees. The Group strives to motivate its employees with a clear career path and trainings for advancement and improvement of their skills. The Group has also adopted the Share Option Scheme to recognise and reward the contribution of the employees to the growth and development of the Group.

Emolument Policy

The Group's emolument policies are based on the merit, qualifications and competence of individual employees and are reviewed by the remuneration committee periodically.

The emoluments of the Directors are recommended by the remuneration committee and are decided by the Board, having regard to the Group's operating results, individual performance and comparable market statistics. Details of Directors' remuneration are set out in note 9 to the financial statements.

The Company has adopted two share option schemes to motivate and reward its Directors and eligible employees. Details of the scheme are set out in the paragraph headed "Share Option Schemes" above and note 33 to the consolidated financial statements.

None of the directors waived any emoluments throughout the Year.

Retirement Benefits Schemes

The Group participates in a defined contribution mandatory provident fund scheme (the "**MPF Scheme**") established under the Mandatory Provident Fund Schemes Ordinance in December 2000 for eligible employees. Contributions by the Group, which are matched by the employees, are made based on a percentage of the employees' basic salaries and are charged to the consolidated income statements as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group and are invested in funds under the control of independent trustees. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The PRC subsidiaries are required to contribute certain percentages of basic salaries of the employees to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme. The contributions are charged to the consolidated income statements as they become payable in accordance with the rules of the state-managed retirement benefits scheme.

The Group has no other material obligation for the payment of pension benefits beyond the annual contributions described above.

REPORT OF THE BOARD OF DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

Aggregate sales attributable to the Group's largest and five largest customers during the Year were 66.5% and 83.1% of the Group's total sales, respectively.

Aggregate purchases attributable to the Group's largest and five largest suppliers during the Year were 72.7% and 189.6% of the Group's total purchases, respectively.

So far as is known to the Directors, at no time during the Year did a Director, his/her associate(s) or a Shareholder, which to the knowledge of the Director owns more than 5% of the Company's share capital, have an interest in any of the Group's five largest customers and suppliers.

The Group has built long-term relations with suppliers and customers and the Group treasures the technical and cost competitiveness of each other and provides supports to each other.

The Group has established strong relationships with numerous suppliers of high quality virgin polysilicon feedstock. The Group has an average of approximately twelve years of relationships with the Group's major suppliers. The Group has been able to rely on these relationships with its suppliers to provide the Group with a stable supply of polysilicon feedstock to meet the current production requirements. The strength of the relationships with long-term suppliers allows the Group to manage the raw materials procurement efficiently.

The Group has also established a number of long-term relationships with key customers in the solar power industry.

The Company believes its strong customer base will provide the Group with the critical support necessary for further expanding the Group's business and ensure that the Group is well-positioned to capture future growth opportunities in the solar power industry.

ENVIRONMENTAL PROTECTION

The Group is specialised in providing energy saving and environmentally-friendly products. In addition, the Group is committed to building an environmentally-friendly corporation that pays close attention to conserving energy.

The Group strives to operate in compliance with the relevant environmental regulations and rules and has instituted various measures to comply with applicable laws and regulations, including measures to monitor and control waste water and waste chemicals. The Group currently has in-house waste water treatment facilities and external waste chemicals processing facilities. The facility maintenance team oversees the Group's compliance with environmental and waste treatment laws and regulations.

The Company believes that there are no environmental protection laws and regulations which may adversely affect the Group's production in any material respect, and the Group is currently in compliance in all material aspects with all applicable environmental laws and regulations for the Year.

REPORT OF THE BOARD OF DIRECTORS

COMPLIANCE WITH LAWS AND REGULATIONS

Throughout the Year and up to the date of this annual report, the Group has complied with the relevant laws and regulations that have a significant impact on the Company.

AUDITOR

Prism Hong Kong Limited (formerly known as Prism Hong Kong and Shanghai Limited, hereafter “**Prism**”) has been appointed as the external auditor of the Group with effect from 24 March 2021. Prism shall retire and offer themselves for re-appointment as auditor of the Company at the forthcoming AGM. A resolution for the re-appointment of Prism as auditor of the Company shall be proposed at the forthcoming AGM.

REVIEW OF THE FINANCIAL STATEMENTS

The audit committee of the Company (the “**Audit Committee**”) had reviewed together with the management and external auditors the accounting principles and policies adopted by the Group and the audited annual consolidated financial statements for the Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float of not less than 25% of the Company’s issued shares as required under the Listing Rules for the period from the Listing Date to 31 December 2025.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowing of the Group as at 31 December 2025 are set out in note 25, 26, 30 and 34 to the consolidated financial statements.

FINANCIAL ASSISTANCE AND GUARANTEE

During the year ended 31 December 2023, the Group has granted a shareholder’s loan in the amount of RMB8.5 million to Shenyang Guoyun (as Borrower), a company owned as to 15% by the Group for a term of 36 months.

During the year ended 31 December 2025, the Group has granted a shareholder’s loan in the amount of RMB6.5 million to Shenyang Guoyun (as Borrower), a company owned as to 15% by the Group.

Save as disclosed above, the Group had not provided any guarantees to affiliated companies of the Group.

On behalf of the Board

John Yi Zhang

Chairman

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report as below.

CORPORATE GOVERNANCE CODE

The Company strives to establish good corporate governance practices and procedures with a vision of being a transparent and responsible organisation, open and accountable to the Shareholders. The Board of Directors of the Company (the “**Board**”) is devoted to the ongoing enhancement of the corporate governance practices of the Company as the Board believes that good corporate governance practices are fundamental to the effective operation of a company and enhancement of shareholders’ value as a whole. The Board has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to maximise return for Shareholders.

The Company complied with the Corporate Governance Code during the Year except for those expressly disclosed in this annual report.

CORPORATE CULTURE AND STRATEGY

With a commitment to maintain rigorous standards of ethics and governance, the Board cultivates and fosters a corporate culture across the Group of embracing innovation, continuous strive for excellence, be responsible and committed to our services and delivering services and products which are customer-centric. The Board defines, promotes and oversees such culture by ensuring its alignment and consistency with the Group’s business objectives, corporate strategies and future direction. The Group’s corporate culture is manifested in and reflected by a broad range of Group-wide policies, practices and procedures, including those relating to governance and compliance, whistleblowing, equal opportunity and diversity, employee welfare and benefits, and corporate social responsibility. Collectively, these established procedures guide the Group, our employees to achieve our business objectives.

BOARD OF DIRECTORS

The overall management of the Company’s operation is vested in the Board and the senior management.

The Board takes overall responsibility to oversee all major matters of the Group, including the formulation and approval of all policies and procedures, overall strategic development of the Group, monitoring and controlling the Group’s operation and financial performance, internal control and risk management systems, and monitoring of the performance of the senior management. The Board makes decisions objectively in the interests of the Company.

Pursuant to Corporate Governance Code Provision C.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Chairman of the Group is responsible for leading the Board to ensure that it operates effectively and performs its duties, while Chief Executive Officer of the Group is responsible for the overall implementation of the Group’s business development and general management. The Company has no Chief Executive Officer since January 2021. The daily operation and management of the Company is undertaken and monitored by Mr. John Yi Zhang, an executive Director and the chairman of the Board, and Mr. Che Xiaoxi, the chief operating officer. Meanwhile, Mr. Che Xiaoxi is also responsible for the day-to-day management, administration and operation of the Company. The delegated functions and work tasks are periodically reviewed. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether the appointment of Chief Executive Officer, and the separation of the roles of Chairman and Chief Executive Officer are necessary. The Company will continue to enhance its corporate governance practices appropriate to the business and to review its corporate governance practices from time to time to ensure they comply with the statutory requirements and regulations and the Corporate Governance Code and align with the latest developments.

CORPORATE GOVERNANCE REPORT

As at the date of this annual report, the Board comprises of six Directors, consisting of one executive Director, Mr. John Yi Zhang (the chairman of the Board), two non-executive Directors, Mr. Dai Ji and Mr. Qiao Fenglin and three independent non-executive Directors, Mr. Jiang Qiang, Ms. Qiu Ping Maggie and Dr. Yan Ka Shing. All Directors have given sufficient time and attention to the affairs of the Group. The executive Director is suitably qualified for his position, and has sufficient experience to hold the position so as to carry out his duties effectively and efficiently. Biographical information of the Directors are set out in the section headed “Biographic Details of Directors and Senior Management” of this annual report.

To the best knowledge of the Company, there is no other financial, business or family relationship among the members of the Board.

Throughout the Year, at least one independent non-executive Director possesses appropriate professional accounting qualifications or financial management expertise in accordance with Rule 3.10(2) of the Listing Rules. The Company has appointed 3 independent non-executive Directors representing more than one-third of the Board throughout the Year and is in compliance with Rule 3.10A of the Listing Rules.

Board Diversity Policy

The Board approved a board diversity policy in August 2013. The Company recognises and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity appropriate to the needs of the Company’s business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge.

The Board, with the assistance of the Nomination Committee, has reviewed the target and also the Diversity Policy during the Year to seek enhancement. Therefore, the Nomination Committee is responsible for assessing the appropriate mix of skill, experience, expertise and gender required on the Board based on current and future business of the Company and oversee Board succession to maintain an appropriate mix of skill, experience, expertise and gender. In terms of the overall capability and professionalism, the Board achieved a balance among operational judgment and management capabilities, accounting and financial analytical capabilities, crisis management capabilities, industry knowledge, leadership, and decision-making capabilities.

The Board of the Company shall appoint at least one female director. Currently, there are currently one female directors at the Board of the Company. Ms. Qiu Ping Maggie was appointed as an independent non-executive director of the Company on 6 May 2024. The Company will also try its best to achieve gender diversity when nominating directors and recruiting employees at all levels (including middle and senior levels), so as to provide suitable succeeding directors for the Board when appropriate to ensure the gender diversity of the board of directors.

CORPORATE GOVERNANCE REPORT

The Company understands and recognises the benefits of diversified staff structure and regards it as one of the important elements in sustaining a long-term competitive advantage of the Company. A multicultural company should be comprised of employees with different gender, age, ethnicity, religion, skills, educational background, industry experience and other qualities so as to achieve the most appropriate structure and balance. On 31 December 2025, the male-to-female ratio for the Group's workforce was about 1.16:1. Comparatively, the ratio was 1.44:1 in 2024. The Board believes this was appropriate for the time being. While the Board will continue to supervise and enhance the recruitment process, the Human Resource Department will continue to identify, review and interview candidates' skill, experience, expertise and qualifications that fit the Group's needs regardless of gender. During the year ended 31 December 2025, the Board was not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

Model Code

The Company has also adopted the Model Code set out in Appendix C3 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the Period.

Independent Non-executive Directors

Independent non-executive Directors have played a significant role in the Board by bringing their independent judgment at the Board meetings and scrutinising the Group's performance. Their views carry significant weight in the Board's decision, in particular, they bring an impartial view on issues of the Group's strategy, performance and control. All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board. The independent non-executive Directors provide independent advice on the Group's business strategy, results and management so that all interests of Shareholders can be taken into account, and the interests of the Company and its Shareholders can be protected.

Throughout the Reporting Period, the Company had three INEDs constituting 50% of the Board, which was in compliance with the requirement of the Listing Rules that the number of INEDs must represent at least one-third of the Board members, and that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received annual confirmations of independence from each of the existing independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. Based on the contents of such confirmations, the Company considers that all the independent non-executive Directors are independent and that they have met the specific independence guidelines as set out in Rule 3.13 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

The Company has established channels whereby independent non-executive Directors can express their views in an open and candid manner, and in a confidential manner, should circumstances require. The independent non-executive Directors of various board committees can update the the chairman of the Board or the Board as necessary during meetings and/or outside the meetings via telephone, email and/or other formal and informal means. In order to fulfil code provision C.2.7 of the CG Code which requires that the Chairman should at least hold one meeting annually with the INEDs without the presence of the other Directors, during the year ended 31 December 2025, the Chairman held private meeting sessions with the INEDs after each audit committee meeting without the presence of any other Director. Going forward, the Chairman will continue to ensure compliance with this code provision.

The Nomination Committee has been delegated with the authority to review the implementation and the effectiveness of such independence mechanism on an annual basis.

Considering all of the circumstances described in this section and taking note on the current tenure of the independent non-executive Directors, the Nomination Committee considers all of the independent non-executive Directors to be independent.

None of our INEDs were appointed for more than nine years as of the date of this Report. To fulfill the new compliance requirement taking effect from 1 July 2025 that the tenure of INEDs should not be more than nine years, the Company will conduct an orderly succession plan to avoid abrupt changes to board composition.

Training and Support for Directors

All Directors must keep abreast of their collective responsibilities. Any newly appointed Director would receive an induction package covering the Group's operations, businesses, governance policies and the statutory regulatory obligations and responsibilities of a director of a listed company. The Directors have been informed of the requirement under code provision C.1.4 of the Corporate Governance Code regarding continuous professional development.

During the Year, the Directors were provided with materials relating to their duties and responsibilities and the Group's businesses. In addition, key changes to listing rules, corporate governance code were discussed during the meeting of the Board to further consolidate the understanding of the reading materials provided.

Directors' and Officers' Insurance

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

CORPORATE GOVERNANCE REPORT

Meetings

The Board meets to discuss the overall strategy as well as the operation and financial performance of the Group from time to time. Directors may participate either in person or through electronic means of communications.

The individual attendance record of each Director at the meetings of the Board and the general meetings during the period is set out below:

Name of Director	Attendance/Number of Board Meeting(s)	Attendance/Number of General Meeting(s)
Executive Director		
Mr. John Yi Zhang	5/5	1/1
Non-executive Directors		
Mr. Dai Ji	5/5	1/1
Mr. Qiao Fenglin	5/5	1/1
Independent non-executive Directors		
Mr. Jiang Qiang	5/5	1/1
Dr. Yan Ka Shing	5/5	1/1
Ms. Qiu Ping Maggie	5/5	1/1

All Directors are provided with relevant materials relating to the matters brought before the meetings. They have separate and independent access to the senior management and the company secretary of the Company at all time and may seek independent professional advice at the Company's expense. Where queries are raised by Directors, steps would be taken to respond as promptly and fully as possible. All Directors have the opportunity to include matters in the agenda for Board meetings. Notices of at least 7 days of Board meetings are given to the Directors and Board procedures comply with the articles of association of the Company, as well as relevant rules and regulations.

Appointments, Re-election and Removal of Directors

Mr. Qiao Fenglin, being the non-executive Director of the Company, has entered into a service contract with the Company for a specific term of two years commencing from 19 March 2020 and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Dr. Yan Ka Shing, being an independent non executive Director of the Company, has entered into letter of appointment with the Company for a specific term of three years, and will automatically continue for another three years thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

The above service contracts or letters of appointment are subject to retirement by rotation and re-election at an annual general meeting at least once every three years in accordance with the articles of association of the Company.

CORPORATE GOVERNANCE REPORT

The articles of association of the Company provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting, and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Board Committees

The Board has established (i) the Audit Committee, (ii) the Remuneration Committee; (iii) the Nomination Committee; and (iv) the Corporate Governance Committee, with defined terms of reference. The terms of reference of the board committees which explain their respective role and the authority delegated to them by the Board are available on the website of the Company at www.comtecsolar.com and the website of the Stock Exchange at www.hkexnews.hk. The board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice and other assistance in appropriate circumstances, at the Company's expenses.

Audit Committee

The Company established an audit committee pursuant to a resolution of the Directors passed on 2 October 2009. The primary duties of the audit committee are to: (a) make recommendations to the Board on the appointment and removal of external auditors, (b) review the financial statements and material advice in respect of financial reporting, and (c) oversee the risk management and internal control systems of the Company. As at the end of the Year, the audit committee consists of three members, namely, Mr. Jiang Qiang (Chairman), Ms. Qiu Ping Maggie and Dr. Yan Ka Shing all of whom are independent non-executive directors.

The Group's consolidated financial statements for the Year have been reviewed and approved by the Audit Committee. The Group's unaudited interim results for the six months ended 30 June 2025, and the audited annual results for the Year have been reviewed by the Audit Committee, which was of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made. For details, please refer to the section "Financial Reporting" below under this Report.

The Audit Committee has also reviewed the accounting principles and practices adopted by the Group, and selection and appointment of the external auditors. In addition, the Audit Committee reviewed the unaudited quarterly financials and the internal control of the Group and oversaw the risk management and internal control systems of the Group throughout the Year. For details, please refer to the section "Risk Management and Internal Controls" below under this Report.

CORPORATE GOVERNANCE REPORT

Throughout the Year, three meetings were held by the Audit Committee. The individual record of each member of the audit committee at the meetings of the Audit Committee is set out below:

Name of Director	Attendance/Number of Committee Meeting(s)
Mr. Jiang Qiang	3/3
Dr. Yan Ka Shing	3/3
Ms. Qiu Ping Maggie (appointed on 6 May 2024)	3/3

Remuneration Committee

The Company established the Remuneration Committee on 2 October 2009 with written terms of reference. The primary duties of the Remuneration Committee to: (a) make recommendations to the Board on the remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment), and (b) make recommendations to the Board on the remuneration of non-executive Directors. Their composition and written terms of reference are in line with the Corporate Governance Code. As at the date of this annual report, the Remuneration Committee comprised five members, namely, Mr. John Yi Zhang, an executive Director, one non-executive Director, Mr. Qiao Fenglin and three independent non-executive Directors, Mr. Jiang Qiang, Ms. Qiu Ping Maggie and Dr. Yan Ka Shing. Mr. Jiang Qiang is the chairman of the Remuneration Committee.

Throughout the Year, one meeting was held by the Remuneration Committee. The individual record of each member of the Remuneration Committee at the meeting of the Remuneration Committee is set out below:

Name of Director	Attendance/Number of Committee Meeting(s)
Mr. Jiang Qiang	1/1
Mr. John Yi Zhang	1/1
Mr. Qiao Fenglin	1/1
Dr. Yan Ka Shing	1/1
Ms. Qiu Ping Maggie	1/1

Throughout the Year, the Remuneration Committee reviewed the remuneration packages of the Directors and the senior management. Their remuneration package by band for the Year is set out below:

Remuneration bands	Number of person(s)
Nil to RMB500,000	3
RMB500,001 to RMB1,000,000	4

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Company established the Nomination Committee on 2 October 2009 with written terms of reference. The primary duties of the Nomination Committee are to: (a) review the structure, size, diversity and composition of the Board on a regular basis and (b) recommend to the Board the suitable candidates for directors after consideration of the nominees' independence and/or quality in order to ensure the fairness and transparency of all nominations. Their composition and written terms of reference are in line with the Corporate Governance Code. As at the date of this annual report, the Nomination Committee comprised five members, namely, Mr. John Yi Zhang, an executive Director and the chairman of the Board, one non-executive Director, Mr. Qiao Fenglin and three independent non-executive Directors, Mr. Jiang Qiang, Ms. Qiu Ping Maggie and Dr. Yan Ka Shing. Mr. John Yi Zhang is the chairman of the Nomination Committee.

The Nomination Committee reviewed the structure, size and composition of the Board, as well as identified suitable director candidates and made such recommendations to the Board. The Nomination Committee would also take into account various aspects of a candidate, including but not limited to his/her education background, professional experience, experience with the relevant industry and past directorships. For details, please refer to the section "Board Diversity Policy" above under this Report.

Throughout the Year, two meetings were held by the Nomination Committee. The individual record of each member of the Nomination Committee at the meeting of the Nomination Committee is set out below:

Name of Director	Attendance/Number of Committee Meeting(s)
Mr. John Yi Zhang	2/2
Mr. Qiao Fenglin	2/2
Mr. Jiang Qiang	2/2
Dr. Yan Ka Shing	2/2
Ms. Qiu Ping Maggie	2/2

Corporate Governance Committee

The Company's corporate governance function is carried out by the Corporate Governance Committee established pursuant to a resolution of the Board passed on 30 March 2012. The duties of the Corporate Governance Committee include: (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Group; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Group and the Directors; and (e) to review the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report. Throughout the Year, the corporate governance committee of the Board comprised three Directors, namely Mr. John Yi Zhang, an executive Director, Ms. Qiu Ping Maggie and Mr. Jiang Qiang, both independent non-executive Directors. Mr. John Yi Zhang is the Chairman of the Corporate Governance Committee.

CORPORATE GOVERNANCE REPORT

Throughout the Year, the Corporate Governance Committee reviewed the Company's policies and practices on corporate governance and; reviewed the training and continuous professional development of the Directors and senior management of the Group; reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; reviewed the compliance manual applicable to employees of the Group and the Directors; and reviewed the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report.

Throughout the Year, two meetings were held by the Corporate Governance Committee. The individual record of each member of the Corporate Governance Committee at the meeting of the Corporate Governance Committee is set out below:

Name of Director	Attendance/Number of Committee Meeting(s)
Mr. John Yi Zhang	2/2
Mr. Jiang Qiang	2/2
Ms. Qiu Ping Maggie	2/2

Company Secretary

The secretary of the Company is Mr. Yuen Sing Wai, Lester. Mr. Yuen is appointed by the Board on 23 August 2023 following the departure of Ms. Lau. Mr. Yuen is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and hence complies with the requisite qualifications under rules 3.28 and 8.17 of the Listing Rules to discharge the functions of the company secretary of the Company under the Listing Rules. Mr. Yuen holds degrees in Bachelor of Laws and Bachelor of Commerce in Accounting with Distinction from the University of New South Wales and has more than twelve years of work experience in the fields of legal, accounting, compliance (the Sarbanes-Oxley Act, company secretarial and listing matters) and business advisory in the areas of enterprise risk management, internal control, internal audit, corporate governance, environmental, social and governance ("ESG") reporting, financial reporting and tax advisory. Mr. Yuen has been informed of the requirement of the Rule 3.29 of the Listing Rules. Mr. Yuen has informed the Company that he took not less than 15 hours of training covering corporate governance and company secretarial matters. The Company considers that the training of the company secretary is in compliance with the requirements under Rule 3.29 of the Listing Rules.

FINANCIAL REPORTING

The Board, supported by the Accounting and the Finance department, is responsible for the preparation of the financial statements of the Company and the Group for each financial year which shall give a true and fair view of the financial position, performance and cash flow of the Company and its subsidiaries for that Year.

As at 31 December 2025, the Group had net current liabilities and net liabilities of approximately RMB251.2 million and RMB223.7 million respectively. After assessing the above results, Prism Hong Kong Limited, the Company's auditor, casted doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above results, the consolidated financial statements have been prepared on a going concern basis, the validity of the going concern basis is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

CORPORATE GOVERNANCE REPORT

Management's view on the Disclaimer of Opinion

As at 31 December 2025, the Group had net current liabilities and net liabilities of approximately RMB255.2 million and RMB223.7 million respectively. Notwithstanding the above results, the consolidated financial statements have been prepared on a going concern basis, the validity of the going concern basis is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

Also, the Directors of the Company are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

- Mr. Zhang has committed to provide necessary financial support in the form of debt and/or equity to the Group to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future;
- The another shareholder Mr. Dai Ji has committed to provide necessary financial support in the form of debt and/or equity to the Group to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future;
- Historically, the Group has been able to roll over or obtain replacement borrowings from existing credit for most of its short-term interest-bearing borrowings upon their maturity. The Group has assumed it will continue to be able to do so for the foreseeable future;
- The Group has made an investment in a flywheel-lithium iron phosphate battery hybrid energy storage system (the "**FLBH Energy System**") and advanced a shareholder's loan in the amount of RMB8,500,000 to improve profitability in year 2023;
- The Group has made further investment in the FLBH Energy System and advanced a shareholder's loan in the amount of RMB6,500,000 to increase return;
- During the Year, the Directors continue to look for other investments in the Northeastern area of PRC and Shanxi Province in the field of power storage and renewable energy storage. Replicating the success of the Group's existing investment in the FLBH Energy System, the Group is currently exploring a new investment in an energy storage project with a total capacity of 150MW, located in Fushan County, Shanxi Province, the PRC (the "**Fushan Flywheel Project**");
- During the Year, revenue from the Group's power generation projects and power storage business remained stable, while the EPC consulting business recorded a substantial increase, rising from approximately RMB13.2 million to RMB151.0 million. As disclosed in the management discussion and analysis section, there is a RMB137.8 million increase in revenue generated from new EPC services provided to the flywheel energy projects in Shanxi. This was benefited from our investment in FLBH Energy System such that other owners and power companies who are building and commencing power storage business through construction of FLBH Energy System or related facilities are reaching out to the Group for expertise in supplying chemical battery energy storage equipment and for services relating to the construction, operation and maintenance of the FLBH Energy System and other chemical battery energy storage systems;

CORPORATE GOVERNANCE REPORT

- In parallel, the relevant shareholders of the Yongji Flywheel Project and Fushan Flywheel project entered into a cooperation agreement with the Group which provides that, for chemical battery energy storage equipment and for services relating to the construction, operation and maintenance of the FLBH Energy System and other chemical battery energy storage systems, they shall give priority to procuring from members of the Group on the same terms. This cooperation arrangement is expected to generate additional revenue for the Group and has already contributed to the notable increase in EPC consulting revenue during the year;
- The Company has been actively negotiating with Putana for an overall settlement plan in relation to the above indebtedness. In this regard, the Company has introduced a strategic investor, namely, Pandana Capital Limited (“**Pandana**”), to acquire the above indebtedness. The Directors are further discussing with Putana and the strategic investor(s) for an overall settlement plan that may reduce debt eventually;
- On the other hand, the Directors have been discussing with several other substantial creditors in relation to the debt settlement plan for our indebtedness (at subsidiary level), including trade and other payables and interest-bearing borrowings, through exploring various means such as debt capitalisation and/or reduction, potential adjustment of interests rates, debt rollovers and extension of the term of the indebtedness. It is hoped that the Company will reach an amicable settlement plan with its creditors, where the Company will eventually be able to resolve its liabilities issue, thereby reducing, if not in its entirety, at least a substantial part of the net liabilities of the Group. The Directors are endeavouring to restore the Company’s financial position to a healthy condition;
- The Group is adopting strict control of operating and investing activities.

The Directors of the Company believe that, taking into account the above plans and measures, the Group will have sufficient working capital to satisfy its present requirements for the year ending 31 December 2026. However, should the Group fails to achieve the above-mentioned plans and measures, the Group may be unable to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Group’s assets to state them at their recoverable values, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities, respectively. The effect of these adjustments have not been reflected in the consolidated financial statements.

The Directors of the Company note that while the auditor acknowledged the measures undertaken by the Group, they concluded that sufficient appropriate audit evidence could not be obtained as at the date of approval of the consolidated financial statements for FY2025 because:

- (i) the Debt Acquisition had not yet been completed;
- (ii) the terms of the proposed Debt Capitalisation remained under negotiation; and
- (iii) documentary evidence supporting existing business and new business initiatives had not yet reached a stage acceptable for audit verification.

The Directors of the Company believes these matters primarily reflect timing relative to the audit cut off, rather than the substance of progress made. During the year, the Group recorded notable revenue and gross margin improvements, demonstrating the Group’s ability to generate recurring operating cash flows. Together with the written financial support commitments received, the ongoing execution of restructuring initiatives, the Group’s track record of rolling over short term borrowings, and the continued development of new energy storage investments, the Directors consider that there is a reasonable and supportable basis for preparing the financial statements on a going concern basis.

Audit Committee’s View on the Disclaimer of Opinion

The Audit Committee had critically reviewed the Disclaimer of Opinion (the “**Disclaimer**”), the management’s position and the action plan of the Group to address the Disclaimer of Opinion. The Audit Committee is in agreement with the management of the Company with respect to the Disclaimer and the Group’s ability to continue as a going concern, and in particular the actions or measures to be implemented by the management of the Company.

The responsibilities of Prism Hong Kong Limited, the Company’s auditor, on the financial statements are set out in the section headed “Independent Auditors’ Report” in this annual report.

CORPORATE GOVERNANCE REPORT

Auditor's Remuneration and Auditor Related Matters

The Audit Committee is responsible for making recommendation to the Board on the appointment, re-appointment and removal of the authorised auditor, approving the remuneration and terms of engagement of the auditor, and addressing any questions of resignation or dismissal of the auditor (if any). The Company re-appointed the auditor following the approval obtained in the annual general meeting held on 30 June 2025. Details of the fees payable to Prism Hong Kong Limited throughout the Year are as follows:

	Audit Services
	RMB'000
Prism Hong Kong Limited	1,250

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group's risk management and internal control systems are featured with a defined management structure with limits of authority and well-rounded policies and procedures, and are designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks, and to safeguard assets of the Group. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board also recognises its overall responsibility for the Group's risk management and internal control systems and reviewing their effectiveness on an ongoing basis. In addition, the Audit Committee also has the responsibility for reviewing and assessing the Group's risk management and internal control systems. Throughout the Year, the Company has adopted the following policies and procedures and taken the following measures to improve the risk management and internal control systems of the Group.

In order to ensure the effectiveness of our risk management and internal control system, the Company has established various management and control procedures and adopted a Compliance Manual ("**Risk Management and Internal Control Procedures**") for identifying, evaluating, and managing the significant risks associated with the achievement of its operational objectives. The Company has completed the Risk Management and Internal Control Procedure with scientific analysis and assessment, to recognise potential risks. By virtue of the Risk Management and Internal Control Procedure, the senior management of the Group reviews and evaluates the internal control process, monitors any risk factors on a regular basis, and reports to the Board on any findings and measures taken to address such variances and identified risks. The Board, with the assistance of the senior management of the Company, also conducts regular management meetings and on-site inspections to check and monitor the potential risks associated with the business operation and financial management of the Group.

With the integration of the real situation of the Company and various applicable laws and regulations, the management of the Company can act in concert with such to develop solutions towards the risks, to organise the business operation systematically, and to monitor and mitigate possible risks. The Company also formulated and distributed a Compliance Manual internally to require all staff of the Group to comply with these internal risk management and internal control standards, and together build a regulatory environment of risk control and standardised operation. In addition, the Company has also established policies and procedures with clear segregation of duties applicable to certain operating units to ensure the effectiveness of risk management and internal controls. The day-to-day operation is also entrusted to the individual department, which is accountable for its own conduct and performance, and is required to strictly adhere to the policies set by the Board. This process was in place throughout 2022 and is subject to continuous improvement.

CORPORATE GOVERNANCE REPORT

With the assistance of the professional auditor, the Audit Committee supervised the Company's revenue and expenditure for the financial and economic activities, to further strengthen the functions of risk management, to ensure the effective implementation of risk management and internal control system and the Company's standardised operation and healthy development. In order to comply with the relevant requirements under the Corporate Governance Code and the Listing Rules, the Company has engaged various professionals such as an experienced company secretarial team and an external legal advisor to advise on compliance to these rules and the relevant updates. During the Year, the Director has received and acted upon advices provided in response to the updates on the Corporate Governance Code, such as new policies setting. The Directors have also sought opinion from the professional parties regarding its disclosures and announcements whenever necessary.

Throughout the Year, the Accounting and Finance Department of the Company have continuously reminded the Directors and senior management of the Company to ensure that all relevant facts and circumstances that may have material effect on the share price of the Company is assessed in a timely manner and that any material information which comes to the knowledge of any one or more officers of the Group be promptly identified, assessed and, if appropriate, escalated for the attention of the Board to determine whether a disclosure is required.

The Board acknowledges its responsibility to ensure that sound and effective internal control systems are maintained so as to safeguard the Group's assets and the interest of Shareholders. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company.

Throughout the Year, the Board, with the assistance of the Audit Committee, has conducted reviews of the risk management and internal control systems of the Company and considered the risk management and internal control systems of the Company are adequate and being implemented effectively. Such review covered all material controls, financial, compliance and operational controls as well as risk management mechanisms.

The Board, with the assistance of the Audit Committee, has also reviewed and was satisfied with the adequacy of the Company's resources, the staff's qualifications and experience and the related budgets in accounting, internal review and financial reporting functions.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting and putting forward proposals at shareholders' meeting

Pursuant to Article 58 of the articles of association of the Company, any one or more member(s) of the Company 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 shall at all times have the right, by written requisition to the Board or the company secretary of the Company by mail at RM2301-02, 23/F., Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wan Chai, Hong Kong SAR to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 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.

CORPORATE GOVERNANCE REPORT

Constitutional documents

During the Year, the Board proposed to amend the Existing M&A for the purposes of (i) conforming to the Core Shareholder Protection Standards set out in Appendix 3 of the Listing Rules which took effect from 1 January 2022; (ii) allowing the Company to hold hybrid and electronic meetings; and (iii) reflecting certain updates in relation to the applicable laws of the Cayman Islands and the Listing Rules and making other housekeeping amendments. The legal advisers to the Company as to Hong Kong laws have confirmed that the proposed amendments comply with the requirements of the Listing Rules and the legal advisers to the Company as to Cayman Islands laws have confirmed that the proposed amendments do not violate the applicable laws of Cayman Islands. The Company also confirms that there is nothing unusual about the proposed amendments.

The second amended and restated memorandum and articles of association of the Company was adopted upon the approval from Shareholders as obtained in the annual general meeting dated 30 June 2023.

For further details, please refer to the Company's announcement dated 31 May 2023 and the Circular of Annual General Meeting as uploaded to the website of the Stock Exchange on 31 May 2023.

Shareholders' Communication Policy

The Board recognises the importance of maintaining clear, timely and effective communication with Shareholders of the Company and investors. A Shareholder Communication Policy has been in place to set out the procedures by which (i) enquiries from shareholders may be put to the Board and (ii) the Board can keep investors informed of the Group's strategy, operations, management and plans.

Shareholders may send their enquiries and concerns to the Board by addressing them to the Chairman of the Company by mail at RM2301-02, 23/F., Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wan Chai, Hong Kong SAR or by email at john_zhang@comtecsolar.com. The company secretary of the Company is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the chief operating officer of the Company.

The Group is committed to maintaining a high degree of transparency to ensure the investors and the shareholders of the Company receiving accurate, clear, comprehensive and timely information of the Group by the publication of annual reports, announcements and circular. The Company also publishes all corporate correspondence on the Company's website www.comtecsolar.com or on the website of the Stock Exchange at www.hkexnews.hk. The Board maintains regular dialogues with institutional investors and analysts from time to time to keep them informed of the Group's strategy, operations, management and plans. Members of the Board and of the various board committees will attend the annual general meeting of the Company and answer questions raised during the meeting. Separate resolutions would be proposed at the general meeting on each substantially separate issue.

The chairman of the general meetings of the Company would explain the procedures for conducting poll before putting a resolution to vote. The results of the voting by poll will be declared at the meeting and published on the websites of the Stock Exchange and the Company respectively.

The Company has reviewed the Shareholders' Communication Policy for the Year and considered that the procedures in place has been well implemented and effective.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

The Group is pleased to present our Environmental, Social and Governance (“**ESG**”) Report (the “**ESG Report**”). This Report discloses the Group’s impacts on the environment and society, and the Group’s policies and initiatives commit the Group’s business operation.

REPORTING GUIDELINES

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) set out in Appendix C2 to the Rules Governing the Listing of Securities on the Main Board by The Stock Exchange of Hong Kong Limited and has been in accordance with mandatory disclosure requirements and “comply or explain” provisions under the ESG Reporting Guide during the Reporting Period.

SCOPE AND REPORTING PERIOD

The scope of the ESG Report covers the ESG practices, performances, and outcomes of the Group’s principal operating activities of the Group spanning the period from 1 January 2025 to 31 December 2025 (the “**Reporting Period**” or “**FY2025**”). The Group principally engaged in the solar and power storage business and the business of provision of logistics services in the People’s Republic of China (“**PRC**”).

REPORTING PRINCIPLES

This Report is prepared based on the following basic principles:

Materiality

The Group performed substantial assessments and research by ways of distributing standard online questionnaires to all relevant stakeholders and viewing historical documents and information, and, in line with the Group’s mission and vision as well as the core items of the ESG Report in order to identify and assess significant environmental, social and governance issues that have a material impact on the ESG Report. The Board has determined the relevant ESG issues as disclosed in the ESG Report which are sufficiently important to investors and other stakeholders that they should be reported.

Quantitative

The Group has established the management system in terms of social responsibility and environmental protection based on the business characteristics so as to enhance the Group’s ESG policies and management system. The Group actively strengthens our ESG performance by consistently reviewing and improving our management systems. The Group endeavours to promote a culture of environmental protection and social responsibility so as to facilitate the incorporation of the ESG concept into the business operation and promote the sustainable development of the Group. The key performance indicators (“**KPIs**”) are measurable with respective calculation methodologies and thus the performance of the Group’s ESG can be evaluated and validated continuously.

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Balance The information provided in this ESG Report is based on the Group's policies, documents, and recorded practices. It provides an objective unbiased overview of the Group's ESG performance and areas of improvement. This ESG report avoids selections, omissions, or present formats that might inappropriately influence the decision or judgment of the report reader.

Consistency This ESG Report adopts methodologies that are consistent with previous years, which allows for meaningful comparisons of ESG information and data over time.

BOARD STATEMENT

The Board is ultimately responsible for the formulation of ESG strategies, policies, and measures. The Board executes ESG evaluation on a regular basis by identifying potential influence, risks, and opportunities posed to the operation, and additionally reviews senior management and the competence of functional departments to carry out ESG responsibilities. The Board also ensures that proper and effective ESG risk management and internal control systems are in place.

The Group has established internal control systems and policies to ensure compliance with the applicable rules and regulations of the jurisdiction in which it operates. The management keeps communication and supervision on a regular basis to ensure the appropriate operation and confirms to the Board that these systems are in place and effective. Risks and defects identified will be discussed by the management and reported to the Board.

The Board has identified, reviewed, and assessed the ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues, including the ESG risks to the solar business of the Group. The Board has examined and assessed our performance in various aspects within the ESG scope such as environmental, employment, and other social aspects. The Board has reviewed the progress made against ESG-related goals and targets by benchmarking against the ESG data within the industry segmenting objectives and ensuring the effectiveness of ESG risk control. Throughout the Reporting Period, the Group confirmed that it has established appropriate management systems for ESG issues and confirmed that the disclosed contents comply with the requirements of the ESG Reporting Guide.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG STRATEGY AND POLICY

Maintaining a high standard of corporate social responsibility (“**CSR**”) is a strategic objective of the Group. The long-term vision in CSR is to concentrate on mitigating the influence of our operations on the environment and raising environmental awareness among employees and the public. We believe that through our community investments, the Group can play a positive role in the development of local communities. We treat all employees fairly and respectfully, and we strive to help them advance in their careers.

The following ESG policies guide the Group’s business and operational decisions, and deliver our commitments:

- complying with all applicable legal and regulatory requirements on CSR matters;
- pursuing good CSR practices in our operations;
- minimising the Group’s adverse impact on the environment;
- cultivating environmental awareness among employees and the public;
- minimising the Group’s carbon footprints through efficient use of resources and engaging green office initiatives;
- providing a safe and healthy working environment for employees;
- engaging our stakeholders and taking into account their interests to achieve sustainable business growth.

STAKEHOLDER ENGAGEMENT

Communicating with different stakeholders is of paramount significance to the Group, enabling it to gain a clear understanding of stakeholders’ views, expectations, and needs. During the Reporting Period, we adopted the following criteria to identify key stakeholder groups and utilised multiple channels to engage with them:

Identification Criteria

- Stakeholders who are significantly affected by the Group’s operating activities;
- Stakeholders who are reasonably expected to affect the effectiveness of the Group’s strategies and policies related to the ESG issues.

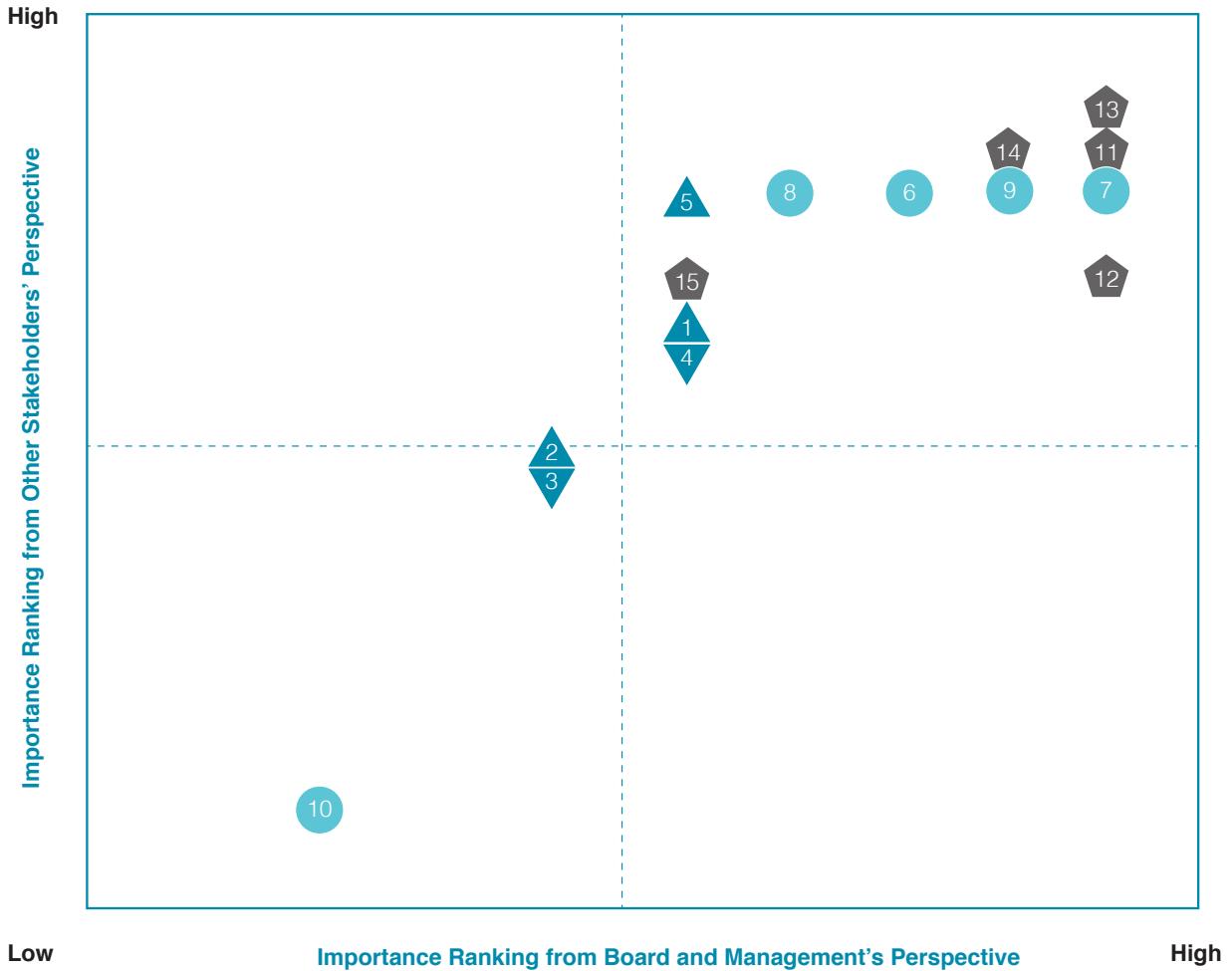
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Stakeholder Groups	Communication Channels
Investors and Shareholders	<ul style="list-style-type: none">• Annual general meetings• Annual, interim and quarterly reports• Circulars and announcements• Company website
Employees	<ul style="list-style-type: none">• Internal satisfaction surveys• Grievance system• Training and development• Employee activities• Performance appraisals
Customers	<ul style="list-style-type: none">• Correspondences• Satisfaction surveys• Factory visits• Company website
Suppliers	<ul style="list-style-type: none">• Annual suppliers' meetings• Factory visits• Suppliers' audits• Correspondences
Regulatory Bodies	<ul style="list-style-type: none">• Compliance and non-compliance reports• Factory visits• Correspondences

MATERIALITY ASSESSMENT

The Group commissioned an independent sustainability consultancy to carry out a materiality assessment in 2021, which aimed to identify and evaluate ESG issues that are most material to the Group and its stakeholders, as well as to determine the coverage and structure of this ESG Report. A standard online questionnaire that classified the ESG issues into three categories, i.e., Environment and Resources, People and Community, and Operating Practices, was distributed to the Board and management, the Group's employees, suppliers/business partners, etc., who then rated the relative importance of the corresponding ESG issues. As there were no significant changes in the Group's business operations during the Reporting Period, this ESG Report continues to adopt the results of the materiality assessment conducted in 2021. The structure of this ESG Report reflects the importance ranking of three categories shown below in the materiality assessment where the general importance of each category is measured by an average score.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



1. Operate Environmental Management System
2. Control Air and GHG Emissions
3. Reduce Noise, Effluent and Waste
4. Optimise Resource Consumption
5. Identify and Mitigate Environmental Risk
6. Promote Equal Opportunity, Diversity, and Inclusion
7. Recruit Management and Attract Talents
8. Provide Professional Training
9. Ensure Occupational Health and Safety
10. Devote in Philanthropic Activities
11. Ensure Product Quality
12. Satisfy Customers and Clients' Needs
13. Uphold Ethical Business Codes
14. Manage Supply Chain
15. Green Procurement

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PART 1 ENVIRONMENT AND RESOURCES

Emissions

To track and manage the emissions of the four types of pollutants designated (waste gases, wastewater, solid wastes, and noise), the Group carries out strict policies and processes. Given our business nature, the Group does not generate significant adverse effects on the environment. The Group is constantly devoted to maintaining high environmental standards, meeting relevant requirements, and developing and introducing innovative technologies, as well as more effective pollutant treatment.

The following environmental laws and standards have been strictly observed by the Group since it commenced business:

Type	Standard/Regulations
Air	Integrated emission standard of air pollutants GB16297-1996 Environmental Quality (Clean Air) Regulations 1978 (Incorporated latest amendments – RU. (A) 309/2000)
Water	Integrated wastewater discharges standard GB8978-1996
Noise Level	Emission standard for industrial enterprises noise at boundary GB12348-2008

During the Reporting Period, the Group did not violate any environmental protection laws or regulations in the region of its operation.

Air Emissions

As the Group completed corporate restructuring and suspended manufacturing business in 2020 and 2021, the Group does not generate significant air emissions directly. The Group does not hold any vehicles for its own transportation and thus did not generate nitrogen oxides (nitrogen oxides (“**NOx**”), sulfur oxides (“**SOx**”), or Particular Matter (“**PM**”) during the Reporting Period.

Since no vehicles are owned by the Group, no direct emission of GHG (Scope 1) was reported during the Reporting Period. The primary source of greenhouse gas emissions of the Group was the indirect emission from electricity subject consumption for daily operations during the Reporting Period. The detailed GHG emissions are reported as follows:

Scope – Source in 2024	Unit: tCO ₂ e	Intensity (by revenue RMB'000)
Scope 1	–	N/A
Scope 2	2,394.21	N/A
Total	2,394.21	0.015

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Scope – Source in 2025	Unit: tCO₂e	Intensity (by revenue RMB'000)
Scope 1	–	–
Scope 2	3.4	0.00002
Total	3.4	0.00002

GHG Emission: The GHG is calculated in accordance with the “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals from Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong” published by the Hong Kong Electrical and Mechanical Services Department and the Environmental Protection Department.

Hazardous and Non-Hazardous Waste

The Group does not generate hazardous waste directly given its business nature during the Report Period. In spite of that, the Group actively considers forward-thinking technologies that help align with environmental sustainability and the latest regulatory standards.

Non-hazardous wastes generated by the Group mainly include paper waste. During the Reporting Period, the total paper consumption to be reported was 2.1 kg with a consumption intensity of 0.03 kg per capita.

Use of Resources

Through consistently supporting efficient energy-saving operating procedures, the Group has minimised energy consumption in operations and strived for clean production in order to achieve sustainable development. Purchased electricity and water are major resources consumed by the Group during daily operations. The Group does not generate packing materials given its business nature during the Report Period.

Electricity consumption in 2024	Unit: mWh	Intensity (by revenue RMB m)
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The Group	3,022.6	18.5
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Electricity consumption in 2025	Unit: mWh	Intensity (by revenue RMB m)
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The Group	5.6	0.025
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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Water resources consumption in 2024	Unit: t	Intensity (by revenue RMB'000)
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The Group	17,319.0	0.1
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Water resources consumption in 2025	Unit: t	Intensity (by revenue RMB'000)
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The Group	–	–
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Targets setting

The Group set long-term objectives in two aspects, including emissions and resources, based on the ESG Reporting Guide and other list companies' methods in the photovoltaic solar energy industry to decline emissions and optimize resource consumption.

In terms of "Emissions", the Group intends to mitigate air and GHG emissions by using energy-saving equipment and shutting down machines and electronic equipment promptly. The Group also follows Reduce, Reuse, Replace, and Recycling Principles to reduce the usage of paper and manage the amount of waste.

In terms of "Resources", the Group initiates policies and procedures to raise awareness of electricity and water conservation among employees and actively promotes setting a specific temperature when using air conditioners, switching off idle lighting, computers, and other electrical appliances, using teleconferencing as an alternative to travel, monitoring electricity consumption monthly, formulating maintenance plans of major electrical appliances to avoid additional electricity consumption due to equipment aging, implementing high-efficiency water equipment, checking and maintaining the water supply system regularly, minimising the usage of water under the control of a logbook, and keeping appropriate record and statistics.

The Environment and Natural Resources

The Group does not identify any significant impacts of activities on the environment and natural resources during the Reporting Period. However, the Group will continuously monitor possible adverse impacts from our daily operation, maintain a green work environment, and adhere to relevant environmental rules, regulations, and standards.

The Group implements clean production and resource-saving/efficient practices outlined in the "Target Setting" section.

Climate Change

The Group is committed to accelerating the penetration of green energy and minimising the harm that global warming brought to human sustainability due to the greenhouse effect. The Group referred to the Task Force on Climate-related Financial Disclosures ("TCFD") to analyse and evaluate its climate-related risks.

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The climate-related risks are categorised into physical and transition risks by TCFD definition. The Group considered the corresponding severity and frequency and thus identified extreme precipitation, typhoons, floods, and thunderstorms as potentially material climate-related risks according to its operating characteristics. Also, the Group faces material transition risk, i.e., enhanced emissions-reporting obligations.

Physical risks such as extreme precipitation, typhoons, floods, and thunderstorms may lead to the disturbance of on-site work hours, photovoltaic module failures with potential repair/maintenance fee increases, etc. Transition risks such as enhanced emissions-reporting obligations may increase the cost for the Group to consult the professional organization. To mitigate the above risks, the Group would develop strategies such as overseeing the weather forecast and implementing a special working arrangement in time under extreme weather conditions.

PART 2 PEOPLE AND COMMUNITY

Employment and Labour Practices

Employment

The Group acknowledges that its employees are significant and valuable assets and has established thorough staff policies and welfare guidelines in order to attract, inspire, and retain talent. The Group works hard to maintain a safe and healthy work environment that provides its employees with a platform for professional and personal growth.

The Group is resolute in maintaining transparent, equitable, and unbiased recruitment and human resource policies, emphasizing equal opportunities, diversity, and anti-discrimination. The Group has constructed a remuneration management system and consistently improved the remuneration scheme. The Group has also established and perfected a welfare system fit for business growth and employees' growth. Furthermore, in accordance with national regulations, it pays social insurance, provident fund, and employer liability insurance for employees. Additionally, it offers a number of benefits, including meal allowances, home leaves, holiday and festival subsidies, and subsidies for mobile phone bills, as well as balanced working hours for employees, enabling employees to truly feel happy at work and, as a result, work hard because of the happy and harmonious workplace environment.

The Group has internal policies that require all local operations to adhere to the relevant laws and rules governing the use of labour and management of labour. To ensure compliance with the above rules and regulations, the management of the Group regularly communicates with each of the local operation teams. In addition, the management of the Group strictly reviews the remedial measures to address any non-compliance notices, charges from the government authorities, or complaints from the staff.

During the Reporting Period, the Group was in compliance with the relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Workforce and Turnover

As at the end of the Reporting Period, the Group has a total number of 67 employees (2024: 78), including 67 full-time employees and 0 part-time employees, and the composition of the employees is illustrated as follows:

Employee Structure	2024	2025
Total Workforce	78	67
Gender		
Male	46	36
Female	32	31
Employment Type		
Full-time	76	67
Part-time	2	0
Employment Category		
The Board	9	9
Senior Management	6	5
Middle Management	18	19
General Staff	45	34
Age Group		
<30	5	4
30-40	39	37
41-50	23	22
>50	11	4
Geographical Region		
The PRC	75	64
Hong Kong	3	3

The analysis of staff turnover rate by different categories are as follows:

Employee Structure	2024	2025
Gender		
Male	23%	11%
Female	9%	3%
Age Group		
<30	73%	0%
30-40	16%	0%
41-50	13%	9%
>50	0%	75%
Geographical Region		
The PRC	18%	8%
Hong Kong	0%	0%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Health and Safety

The Group places a high priority on protecting the health and safety of its employees because they are essential to corporate efficient operation. The Group complies with the laws and regulations in relation to occupational health and safety in the PRC and Hong Kong, which are designed to strengthen employers' and employees' self-reliance in dealing with occupational health and safety issues and thereby making workplaces safer. To ensure staff compliance, various policies regulating daily operations have been put in place to address workplace safety and emergency response including:

- Promote a safety culture among employees;
- Formulate emergency response plans, risk assessment, and accident investigation mechanisms;
- Provide safety training programs or job-related training to the staff;
- Prohibition of smoking and abuse of alcohol and drugs in workplaces;
- Post notices at workplaces as regularly remind employees to use the proper personal protective equipment and maintain a safe working environment;
- Review and evaluate the working environment regularly.

In each of the past three years, including the Reporting Period, the Group was not aware of any work-related fatalities, or lost days due to work injury and did not identify any material non-compliance with laws and regulations relevant to the health and safety of employees.

Health and safety performance	2023	2024	2025
Number of work-related fatalities	0	0	0
Lost days due to work injury	0	0	0
Number of accidents	0	0	0

Development and Training

The Group is committed to establishing an ideal career development platform and cultivating the allocated annual training budgets, including internal and external courses, as necessary for employees to support a comprehensive training program. Employees are encouraged to participate in various training opportunities that cover a wide range of topics, such as health and safety knowledge, information systems, quality management, anti-corruption, management skills, communication skills, and specific technical skills. These trainings help employees enhance their professional knowledge and their safety awareness. Self-learning is also encouraged in the Group to support their individual development. During the Reporting Period, the Group organised 204 such training hours (2024: 461 hours).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, 100.0% of the employees participated in our training illustrated below:

Percentage of Employees Trained	Percentage %
Gender	
Male	53.7%
Female	46.3%
Employee Category	
The Board	13.4%
Senior Management	7.5%
Middle Management	28.4%
General Staff	50.7%

Note: The percentage of trained employees by category is calculated by dividing the total number of employees trained for a specific category by the total number of employees trained.

During the Reporting Period, the average training hours completed per employee were 6.6 hours and the details are shown as follows:

Average Training Hours Completed Per Employee	Number of Hour
Gender	
Male	3.3
Female	2.7
Employee Category	
The Board	2.7
Senior Management	6.4
Middle Management	4.0
General Staff	2.1

Note: The average training hours by category is calculated by dividing the total number of training hours for employees in the specific category by the total number of employees in the specific category.

Labor Standards

A merit-based principle based on employees' competence is supported in the Group to make up a highly efficient team. Due to clear staff policies and management controls, there is a fair workplace that respects equal opportunities, eliminates sexual harassment, prohibits child labor and forced labor, establishes grievance mechanisms, promotes anti-corruption, and guarantees the confidentiality of personal data.

Internal policies are implemented to request all HR departments in different areas to comply with national and local labor laws and the management of the Group communicates with the head of the HR departments in different areas on a regular basis to ensure compliance. To avoid child and forced labour, the HR departments require all of the candidates to provide their valid identity documents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, there were no instances of discrimination, child labour, forced labour, or violations of employees' interests.

Community Investment

The Group has devoted much time throughout the years to helping society with care, fervor, honesty, and respect, which is also a key component of the Group's objective. As a company involved in clean energy, the Group always focuses on environmental concerns and endeavours to provide products that have the least emissions. To fulfil corporate social responsibility, the Group encourages its staff to participate in various community social events. In the meantime, these community practices will promote team collaboration and sustainable development of local society.

PART 3 OPERATING PRACTICES

Supply Chain Management

The Group adheres to open, fair, and transparent criteria in selecting suppliers and service providers. To ensure the potential vendors' compliance with all applicable laws and regulations in relation to safety, environment, forced labour, child labour, etc., we track and record detailed information related to each supplier and judge the qualification of each supplier by a comprehensive evaluation system including several dimensions such as price, quality, cost, delivery, after-sales service, and environmental, social, and governance aspects. The green procurement is prominent and long-term quality monitoring will be implemented. Moreover, regular reviews of suppliers and casual examinations on different suppliers should be conducted to ensure ongoing qualifications and material supplies with high quality.

During the Reporting Period, the Group has 120 suppliers from the PRC (2024: 154).

Geographical region	Number of suppliers
The PRC	120

Product Responsibility

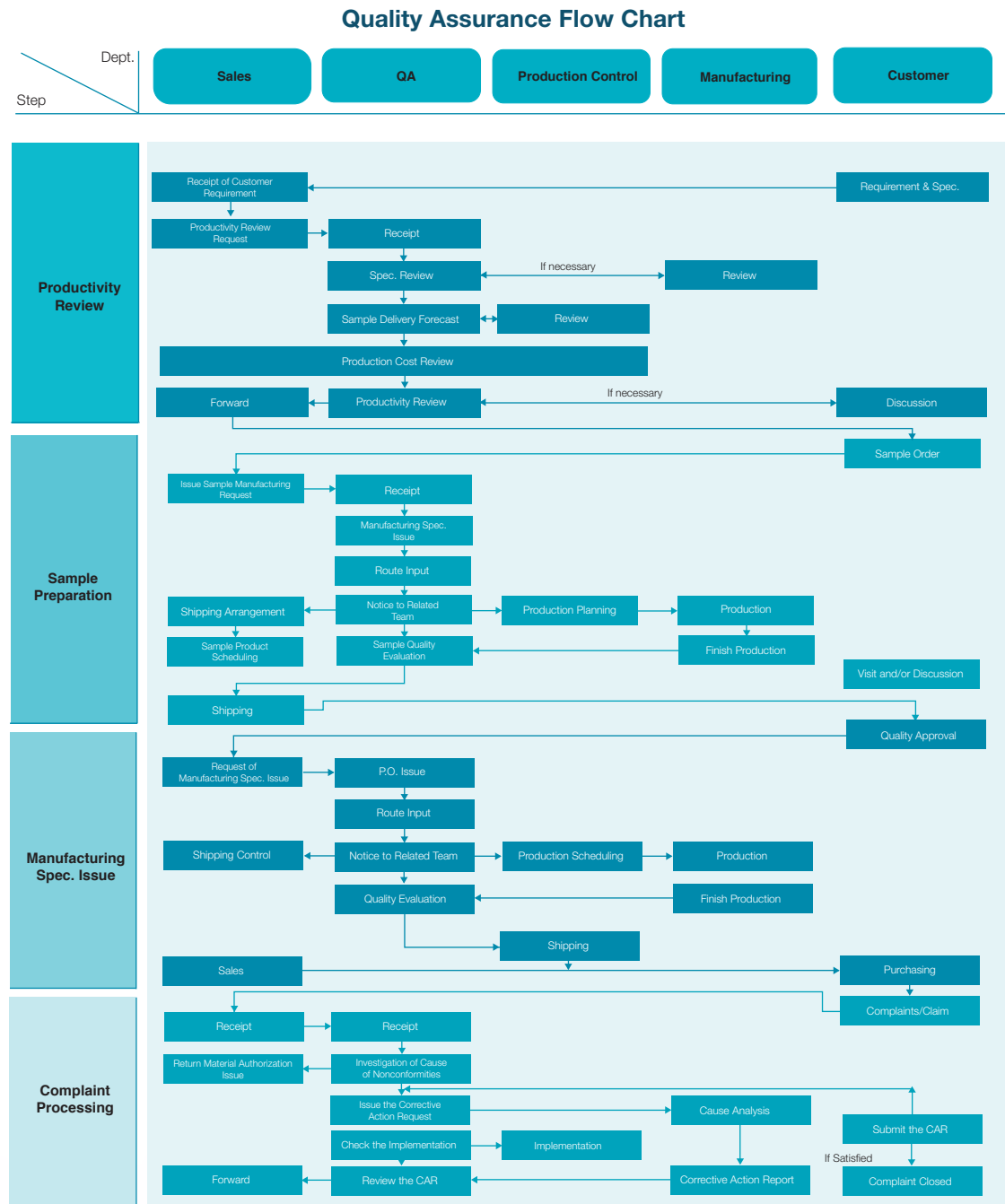
Product Quality and Customer Satisfaction, Feedback and Handling

The Group takes care of the standards and quality of the products and services provided and tries its best to ensure that the products and services consistently meet customer requirements, legal standards, and safety norms. All departments within the Group, including sales and production, are required by Group's policy to ensure that all business and operations adhere to legal requirements. To regulate production and management, enhance product quality, and reduce the production of unqualified products and waste of resources, the Group established a quality management system that covers the product life cycle ranging from procurement of raw materials to production process control to process supervision and inspection of finished products. The Group has also improved quality inspection in its subsidiaries, branches, and consortiums while also concentrating on process quality control indices to quickly identify and address product quality issues.

Regular communication between employees and management, department heads, and consumers is conducted, and any complaints, charges, or lawsuits in these areas are reviewed. The Group also has Q&A and Complaint processes to ensure after-sale service quality.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The flow chart of the Group's QA and after-sale services is as follows:



During the Reporting Period, the Group did not receive any significant product recalls for safety and health reasons nor any significant complaints regarding product flaws.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Advertising and Labelling

In full compliance with applicable laws and regulations, including the Trade Description Ordinance (Chapter 362 of the Laws of Hong Kong), any marketing and promotional activities of the Group give a true description of the specifications and features of products without containing exaggerated and misrepresented information.

During the Reporting Period, there was no case reported of disobedience against the relevant laws and regulations that have a significant impact on the Group relating to advertising and labeling relating to products and services provided.

Privacy Protection

The Group recognizes the responsibility of protecting personal information. The Group strictly complies with relevant laws and regulations regarding data privacy to ensure that all data are securely kept in our internal system with access control.

The Group sets out data privacy requirements in our corporate policies, under which customer data would be used exclusively for matters relating to the Group's operation. We strive to ensure all collected data kept is free of unauthorized or accidental access, processing, erasure, or other use.

During the Reporting Period, the Group was not aware of any confidential data or information breach.

Intellectual Property

The Group has created its brands and technologies for its products, so it is crucial to secure the Group's intellectual property rights. The Group established a strict confidentiality, Information management system, intellectual property protection procedures, etc. to contribute to data security, which is in case of unauthorised use, disclosure, or delivery.

Meanwhile, the Group has also created an "International Patent Application Process", steadily expanded the protection of intellectual property rights to international markets, and improved the protection of patents abroad.

During the Reporting Period, the Group was not aware of any intellectual property rights infringement.

Anti-corruption

The Group adheres to the principle of fairness in all daily business dealings and emphasises credibility and integrity. In the meanwhile, the Group has a determined stance on fighting against corruption and deception and declares it to all employees, suppliers, and business partners. Appropriate binding terms have been added to respective contracts to ensure that the relevant parties acted in accordance with the Group's requirements. The Group has distributed an internal staff compliance handbook that implicitly forbids corruption and has designated personnel to be the contact person if such a case is discovered.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To propagate the anti-corruption business culture, the Group provided a 2-hour anti-corruption training covering theory and illustrative cases to the management during the Reporting Period.

During the Reporting Period, the Group was not aware of any cases regarding corrupt practices brought against the Group or the employees.

Whistleblowing procedures

The Group has developed a whistleblowing policy for misconduct reporting. We have opened a secured whistleblowing channel for our employees, suppliers, or other stakeholders to submit written reports of any suspicious activities, including malpractice and bribery by mail to RM 2301-02, 23/F., Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wan Chai, Hong Kong SAR (the principal place of business in Hong Kong). The whistleblowing reports are directly addressed to the chairman of the Audit Committee. The chairman of the Audit Committee will first triage the reported incidents and then decide on the further course of actions, including internal investigations, or other disciplinary actions that may be appropriate for the particular case. Under all circumstances, the Group would keep the identities of the whistle-blowers confidential and ensure that they are not subject to any acts of retaliation.

During the Reporting Period, we have not received any whistle-blowing reports.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

HKEX ESG REPORTING GUIDE – CONTENT INDEX

Mandatory Disclosure Requirements

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Remarks
Governance Structure		
	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board’s oversight of ESG issues; (ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer’s businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses. 	BOARD STATEMENT ESG STRATEGY AND POLICY
Reporting Principles		
	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG Report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be discussed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	REPORTING PRINCIPLES
Reporting Boundary		
	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	SCOPE AND REPORTING PERIOD

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

“Comply or explain” Provisions

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Remarks
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Targets Setting
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Targets Setting

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Remarks
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Uses of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Uses of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Uses of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Targets Setting
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Targets Setting
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Uses of Resources
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Remarks
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Remarks
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Remarks
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	N/A

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF COMTEC SOLAR SYSTEMS GROUP LIMITED

卡姆丹克太陽能系統集團有限公司

(Incorporated in the Cayman Islands with limited liabilities)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Comtec Solar Systems Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 72 to 176, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

As described in Note 1 to the consolidated financial statements, as at 31 December 2025, the Group had net current liabilities and net liabilities of approximately RMB251,155,000 and RMB223,690,000 respectively, which included current interest-bearing borrowings, convertible bonds, loans from shareholders and interest payables with carrying amounts of approximately RMB69,421,000, RMB686,000, RMB68,647,000 and RMB92,828,000 respectively, of which the principal of approximately RMB686,000 are in default.

These conditions, together with other matters described in Note 1 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company (the “**Directors**”) have been undertaking a number of measures to improve the Group's liquidity and financial position to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future.

INDEPENDENT AUDITOR'S REPORT

BASIS FOR DISCLAIMER OF OPINION *(continued)*

Multiple uncertainties relating to going concern *(continued)*

The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) successfully repay or settle the current interest-bearing borrowings, convertible bonds, loans from shareholders and interest payables and (ii) the lack of sufficient basis that the improvement of future operating results and cash flows would be realised.

In view of the extent of the material uncertainties relating to the results of those measures to be taken by the Group which might cast significant doubt on the Group's ability to continue as a going concern, we have disclaimed our opinion on the consolidated financial statements.

Should the going concern assumption be inappropriate, 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 effect of these adjustments has not been reflected in these consolidated financial statements.

RESPONSIBILITIES OF THE DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors 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 are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Audit Committee are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

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 International Standards on Auditing as issued by the International Auditing and Assurance Standards Board 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 matter 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("**IESBA Code**"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Dai Tin Yau.

Prism Hong Kong Limited

Certified Public Accountants

Dai Tin Yau

Practising Certificate Number: P06318

Hong Kong, 31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Revenue	3	221,234	163,164
Cost of sales and services		(194,008)	(151,823)
Gross profit		27,226	11,341
Other income	4	9,714	8,818
Other losses, net	5	(5,987)	(9,800)
Selling and distribution expenses		(1,578)	(2,156)
Administrative expenses		(29,886)	(32,437)
Research and development expenses		(1,549)	(804)
(Impairment loss) reversal of impairment loss on:			
– financial assets		(31,646)	774
Finance costs	6	(29,805)	(24,403)
Loss before taxation		(63,511)	(48,667)
Income tax expense	7	(759)	(1,856)
Loss for the year		(64,270)	(50,523)
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
Change in fair value of equity instruments designated at fair value through other comprehensive income (“FVTOCI”)		1,004	155
Other comprehensive income for the year		1,004	155
Total comprehensive expense for the year		(63,266)	(50,368)
Loss for the year attributable to:			
Owners of the Company		(63,555)	(48,383)
Non-controlling interests		(715)	(2,140)
		(64,270)	(50,523)
Total comprehensive expense attributable to:			
Owners of the Company		(63,044)	(48,304)
Non-controlling interests		(222)	(2,064)
		(63,266)	(50,368)
		RMB cents	RMB cents
Loss per share			
– Basic	12	(6.00)	(4.68)
– Diluted	12	(6.00)	(4.68)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	13	26,091	17,535
Investment property	13	30,477	35,126
Intangible assets	14	–	–
Interest in associates	15	4,900	4,900
Financial assets at FVTOCI	16	4,532	3,528
Goodwill	17	–	–
Deferred tax assets	31	1,890	1,890
		67,890	62,979
Current assets			
Inventories	18	132,964	1,090
Trade receivables	19	53,524	12,505
Deposits, prepayment and other receivables	20	162,112	60,605
Pledged bank deposits	21	5	5
Cash and cash equivalents	21	4,258	9,075
		352,863	83,280
Current liabilities			
Trade payables	22	285,112	52,919
Other payables and accruals	23	144,138	112,168
Contract liabilities	24	23,090	2,365
Interest-bearing borrowings	25	69,421	21,345
Loans from shareholders	26	68,647	50,144
Tax liabilities		5,868	5,859
Deferred income	27	487	2,507
Consideration payable	28	5,130	5,130
Lease liabilities	29	1,439	2,575
Convertible bonds	30	686	4,152
		604,018	259,164
Net current liabilities		(251,155)	(175,884)
Total assets less current liabilities		(183,265)	(112,905)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Interest-bearing borrowings	<i>25</i>	29,125	34,671
Deferred tax liabilities	<i>31</i>	2,379	1,746
Deferred income	<i>27</i>	1,816	2,303
Lease liabilities	<i>29</i>	7,105	8,799
		40,425	47,519
NET LIABILITIES		(223,690)	(160,424)
CAPITAL AND RESERVES			
Share capital	<i>32</i>	3,727	3,727
Reserves		(234,124)	(171,080)
Equity attributable to owners of the Company		(230,397)	(167,353)
Non-controlling interests		6,707	6,929
TOTAL DEFICIT		(223,690)	(160,424)

The consolidated financial statements on pages 72 to 176 were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf of:

John Yi Zhang
Director

Dai Ji
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company									
	Share capital	Share premium	Share options reserve	Special reserve	Statutory surplus reserve	Fair value reserve (non-recycle)	Accumulated losses	Total	Non-controlling interests	Total
	RMB'000 (note 32)	RMB'000 (note i)	RMB'000 (note ii)	RMB'000 (note iii)	RMB'000 (note iv)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	3,153	1,586,920	118,187	17,382	84,609	700	(1,944,587)	(133,636)	(807)	(134,443)
Loss for the year	-	-	-	-	-	-	(48,383)	(48,383)	(2,140)	(50,523)
Other comprehensive income for the year	-	-	-	-	-	79	-	79	76	155
Total comprehensive expense for the year	-	-	-	-	-	79	(48,383)	(48,304)	(2,064)	(50,368)
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	9,800	9,800
Shares issued upon subscription of new shares	574	14,013	-	-	-	-	-	14,587	-	14,587
Appropriation for statutory reserve	-	-	-	-	151	-	(151)	-	-	-
At 31 December 2024	3,727	1,600,933	118,187	17,382	84,760	779	(1,993,121)	(167,353)	6,929	(160,424)
At 1 January 2025	3,727	1,600,933	118,187	17,382	84,760	779	(1,993,121)	(167,353)	6,929	(160,424)
Loss for the year	-	-	-	-	-	-	(63,555)	(63,555)	(715)	(64,270)
Other comprehensive income for the year	-	-	-	-	-	511	-	511	493	1,004
Total comprehensive expense for the year	-	-	-	-	-	511	(63,555)	(63,044)	(222)	(63,266)
At 31 December 2025	3,727	1,600,933	118,187	17,382	84,760	1,290	(2,056,676)	(230,397)	6,707	(223,690)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

Notes:

(i) Share premium

Share premium represents the excess of the net proceeds or consideration from issuance of the Company's shares over their par value.

(ii) Share options reserve

The share-based payment reserve comprises the grant date fair value of unexercised share options granted to and other share-based payment transactions with employees of the Group and is dealt with in accordance with the accounting policy as set out in note 1(u)(ii).

(iii) Special reserve

This reserve comprises (i) the difference between the nominal value of the shares acquired and the acquisition consideration of RMB11,012,000 arising on a group reorganisation which took place in the year ended 31 December 2007; and (ii) the difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received, on changes in the Group's interests in subsidiaries that do not result in the Group losing control.

(iv) Statutory surplus reserve

In accordance with the relevant laws and regulations for foreign investment enterprises in The People's Republic of China (the "PRC"), the PRC subsidiaries are required to transfer 10% of their profit after taxation reported in their statutory financial statements prepared under the PRC GAAP to the statutory surplus reserve. Allocation shall be approved by the shareholders. The appropriation to statutory surplus reserve may cease if the balance of the statutory surplus reserve has reached 50% of the PRC subsidiaries' registered capital.

The PRC subsidiaries may, upon the approval by a resolution, convert their statutory surplus reserves into capital in proportion to their then existing shareholdings. However, when converting the PRC subsidiaries' statutory surplus reserve fund into capital, the balance of such reserve remaining unconverted must not be less than 25% of the registered capital.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
Operating activities		
Loss before taxation	(63,511)	(48,667)
Adjustments for:		
Interest income	(1,425)	(963)
Interest expenses	29,805	24,403
Depreciation	2,003	5,862
Fair value loss on investment property	4,649	7,534
Impairment loss (reversal of impairment loss) on financial assets	31,646	(774)
Release of deferred income	(2,507)	(4,173)
Loss on written-off of property, plant and equipment	954	2,975
Net foreign exchange (gain) loss	(1,834)	928
	(220)	(12,875)
Changes in working capital:		
(Increase) decrease in inventories	(131,874)	498
(Increase) decrease in trade and other receivables	(174,172)	49,245
Increase (decrease) in trade and other payables	237,571	(46,604)
Increase (decrease) in contract liabilities	20,725	(940)
Cash used in operations	(47,970)	(10,676)
Tax paid	(117)	(130)
Net cash used in operating activities	(48,087)	(10,806)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
Investing activities		
Interest received	1,425	963
Placement of pledged bank deposit	–	(5)
Purchases of financial assets at FVTOCI	–	(250)
Purchase of property, plant and equipment	(11,513)	–
Net cash (used in) from investing activities	(10,088)	708
Financing activities		
Proceeds from issue of new shares	–	8,358
Proceeds from interest-bearing borrowings	48,000	6,000
Interest paid	(2,842)	(4,594)
Repayment of interest-bearing borrowings	(5,214)	(4,845)
Proceeds from loans from shareholders	16,244	–
Repayment of principal of lease liabilities	(2,830)	(4,032)
Net cash from financing activities	53,358	887
Net decrease in cash and cash equivalents	(4,817)	(9,211)
Cash and cash equivalents at 1 January	9,075	18,286
Cash and cash equivalents at 31 December	4,258	9,075

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

(a) General information

Comtec Solar Systems Group Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands, and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 30 October 2009. Its immediate holding and ultimate holding company is Fonty Holdings Limited (“**Fonty**”), a company incorporated in the British Virgin Islands with limited liability. Its ultimate controlling party is Mr. John Yi Zhang (“**Mr. Zhang**”) who is the chairman and a director of the Company. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of principal place of business of the Company is RM2301-02, 23/F, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wan Chai, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to the “**Group**”) are principally engaged in research, production and sales of efficient mono-crystalline products, power storage products and lithium battery products and the provision of consulting services for investment, development, construction and operation of solar photovoltaic power stations and provision of logistics services to factories, manufacturers, raw material providers.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

(b) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“**IAS Standards**”) and Interpretations issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(d) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(c) Basis of preparation

- (i) As at 31 December 2025, the Group had net current liabilities and net liabilities of approximately RMB251,155,000 and RMB223,690,000 respectively, which included current interest bearing borrowings, convertible bonds, loans from shareholders and interest payables with carrying amounts of approximately RMB69,421,000, RMB686,000, RMB68,647,000 and RMB92,828,000 respectively. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of the going concern basis is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when they fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

The directors of the Company are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

- Mr. Zhang has committed to provide necessary financial support in the form of debt and/or equity to the Group to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future;
- The another shareholder, Mr. Dai Ji has committed to provide necessary financial support in the form of debt and/or equity to the Group to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future;
- Considering the Group has been able to roll over or obtain replacement borrowings from existing credit for most of its short-term interest-bearing borrowings upon their maturity historically, the Group will continue to do so for the foreseeable future;
- The Group has made an investment in a flywheel-lithium iron phosphate battery hybrid energy storage system (the “**FLBH Energy System**”) and advanced a shareholder's loan in the amount of RMB8,500,000 to improve profitability;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(c) Basis of preparation *(continued)*

(i) *(continued)*

- The Group has made further investment in the FLBH Energy System and advanced a shareholder's loan in the amount of RMB 6,500,000 to increase return;
- During the Year, the Directors continue to look for other investments in the Northeastern area of PRC and Shanxi Province in the field of power storage and renewable energy storage. Replicating the success of the Group's existing investment in the FLBH Energy System, the Group is currently exploring a new investment in an energy storage project with a total capacity of 150MW, located in Fushan County, Shanxi Province, the PRC (the "**Fushan Flywheel Project**");
- The Company has been actively negotiating with Putana for an overall settlement plan in relation to the above indebtedness. In this regard, the Company has introduced a strategic investor, namely, Pandana Capital Limited ("**Pandana**"), to acquire the above indebtedness. The Directors are further discussing with Putana and the strategic investor(s) for an overall settlement plan that may reduce debt eventually;
- On the other hand, the Directors have been discussing with several other substantial creditors in relation to the debt settlement plan for our approximately RMB50 million indebtedness (at subsidiary level), including trade and other payables and interest-bearing borrowings, through exploring various means such as debt capitalisation and/or reduction, potential adjustment of interests rates, debt rollovers and extension of the term of the indebtedness. It is hoped that the Company will reach an amicable settlement plan with its creditors, where the Company will eventually be able to resolve its liabilities issue, thereby reducing, if not in its entirety, at least a substantial part of the net liabilities of the Group. The Directors are endeavouring to restore the Company's financial position to a healthy condition;
- The Group is adopting strict control of operating and investing activities.

The directors of the Company believe that, taking into account the above plans and measures, the Group will have sufficient working capital to satisfy its present requirements for the year ending 31 December 2026. Should the Group fail to achieve the above-mentioned plans and measures, the Group may be unable to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Group's assets to state them at their recoverable values, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities, respectively. The effect of these adjustments have not been reflected in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(c) Basis of preparation *(continued)*

- (ii) The consolidated financial statements for the year ended 31 December 2025 comprise the Group and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- convertible bonds (see note 1(t));
- investment property (see note 1(i)); and
- investments in equity securities (see note 1(h)).

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

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

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

(d) Changes in accounting policies

The group has applied amendments to IAS 21, The effects of changes in foreign exchange rates – Lack of exchangeability issued by the IASB to these consolidated financial statements for the current accounting period. The amendments do not have a material impact on these consolidated financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(e) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests (“**NCI**”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the company.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statement of financial position, investment in subsidiaries are stated at cost less impairment losses (see note 1(m)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(f) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income (“**OCI**”) of those investees, until the date on which significant influence or joint control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(g) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 1(m)).

(h) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVTPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 40(f). These investments are subsequently accounted for as follows, depending on their classification.

(i) *Non-equity investments*

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 1(x)(ii)(c)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(h) Other investments in securities *(continued)*

(ii) Equity investments

An investment in equity securities is classified as FVTPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income (see note 1(x)(ii)(b)).

(i) Investment property

Investment property is initially measured at cost, and subsequently at fair value with changes therein recognised in profit or loss.

Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment property is recognised in accordance with note 1(x)(ii)(a).

(j) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(m)):

- interests in leasehold land and buildings where the Group is the registered owner of the property interest (see note 1(l));
- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and
- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 1(l)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(j) Property, plant and equipment *(continued)*

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

- The Group's interests in buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and the buildings' estimated useful lives, being no more than 20 years after the date of completion.
- Plant and machinery 3-20 years
- Furniture, fixtures and equipment 5 years
- Motor vehicles 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 1(m)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(k) Intangible assets (other than goodwill) *(continued)*

The estimated useful lives for the current and comparative periods are as follows:

–	Cooperative agreement	4 years
–	Non-compete agreement	2-5 years
–	Franchise relationship	1.8 years
–	Backlog	0.8 years
–	Technology	5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case 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) *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 items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(l) Leased assets *(continued)*

(i) *As a lessee (continued)*

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(j) and 1(m)(iii)), except for right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 1(i).

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

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) *As a lessor*

The Group 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. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(x)(ii)(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(l) Leased assets *(continued)*

(iii) *Sale and leaseback transactions*

The Group acts as a seller-lessee

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

For a transfer that satisfies the requirements as a sale, the Group as a seller-lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset and recognises any gain or loss that relates to the rights transferred to the buyer-lessor only.

(m) Credit losses and impairment of assets

(i) *Credit losses from financial instruments and lease receivables*

The Group recognises a loss allowance for expected credit losses (“ECL”)s on:

- financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, which are held for the collection of contractual cash flows which represent solely payments of principal and interest); and
- lease receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

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

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate; and
- lease receivables: discount rate used in the measurement of the lease receivable.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(m) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial instruments and lease receivables *(continued)*

Measurement of ECLs (continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(m) Credit losses and impairment of assets *(continued)*

(i) *Credit losses from financial instruments and lease receivables (continued)*

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 90 days past due.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVTOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(m) Credit losses and impairment of assets *(continued)*

(i) *Credit losses from financial instruments and lease receivables (continued)*

Credit-impaired financial assets

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

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- it probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Write-off policy

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(m) Credit losses and impairment of assets *(continued)*

(ii) *Credit losses from financial guarantees issued*

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

The amount initially recognised as deferred income is subsequently amortised in profit or loss over the term of the guarantee as income.

The Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 1(m)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(m) Credit losses and impairment of assets *(continued)*

(iii) *Impairment of other non-current assets*

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGUs**"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(n) Inventories

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

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

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

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

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

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

(o) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 1(m)(i)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(p) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 1(x)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) (see note 1(m)(i)) and are reclassified to receivables when the right to the consideration has become unconditional (see note 1(o)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(x)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(o)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(x)).

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECLs (see note 1(m)(i)).

(r) Trade and other payables (other than refund liabilities)

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(s) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 1(z).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(t) Convertible bonds

(i) *Convertible bonds that contain an equity component*

Convertible bonds that can be converted into ordinary shares at the option of the holder, where the number of shares to be issued is fixed, are accounted for as compound financial instruments, i.e. they contain both a liability component and an equity component.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method. Interest is recognised in profit or loss. The equity component is not remeasured and is recognised in the capital reserve until the bonds are converted.

If the bonds are converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bonds are redeemed, the capital reserve is released directly to retained profits.

(ii) *Other convertible bonds*

Convertible bonds which do not contain an equity component are accounted for as follows:

For convertible notes which do not contain an equity component, at initial recognition the derivative component is measured at fair value and presented as part of derivative financial instruments (see note 1(t)(iii)). Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the host liability component. Any directly attributable transaction costs are allocated to the host liability and derivative components in proportion to their initial carrying amounts. The portion of the transaction costs relating to the host liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

The derivative component is subsequently remeasured in accordance with note 1(t)(iii). The host liability component is subsequently carried at amortised cost using the effective interest method. Interest related to the host liability component is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(t) Convertible bonds *(continued)*

(ii) *Other convertible bonds (continued)*

If the bonds are converted, the shares issued are measured at fair value and any difference between the fair value of shares issued and the carrying amounts of the derivative and liability components are recognised in profit or loss. If the bonds are redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in profit or loss.

(iii) *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(u) Employee benefits

(i) *Short term employee benefits and contributions to defined contribution retirement plans*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) *Share-based payments*

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial lattice model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the share options reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued). When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

(iii) *Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(v) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(v) Income tax *(continued)*

Where investment property is carried at their fair value in accordance with note 1(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(w) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see note 1(m)(iii)).

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(x) Revenue and other income

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

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

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of electronic products that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products

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

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

(a) Sale of products

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

(b) Provision of consulting services

Revenue is recognised when the relevant services are rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(x) Revenue and other income *(continued)*

(i) Revenue from contracts with customers *(continued)*

(c) Installation services for photovoltaic power stations

Provided the outcome of the performance obligation can be reasonably measured, the Group applies the input method (i.e. based on the proportion of the actual inputs deployed to date as compared to the estimated total inputs) to measure the progress towards complete satisfaction of the performance obligation in respect of installation services for photovoltaic power stations because there is a direct relationship between the Group's inputs and the transfer of control of goods or services to the customers and reliable information is available to the Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

(d) Power generation

The progress towards complete satisfaction of a performance obligation in respect of power generation is measured based on the output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

(e) Logistics services

Revenues are recognised when the services are rendered or over time which is determined on the time proportion method of the progress of the transportation as the Group's performance provides all of the benefits received and consumed simultaneously by the customer.

(ii) Revenue from other sources and other income

(a) Rental income from operating leases

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(x) Revenue and other income *(continued)*

(ii) Revenue from other sources and other income *(continued)*

(b) Dividends

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(c) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(m)(i)).

(d) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(y) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of an investment in equity securities designated as at FVTOCI are recognised in OCI.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(y) Translation of foreign currencies *(continued)*

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(z) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(aa) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(aa) Related parties *(continued)*

(b) *(continued)*

- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(bb) Segment reporting

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 1, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. 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 on-going 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.

Critical judgements in applying the entity's accounting policies

The following are the critical judgments, apart from those involving estimates, that management has made in applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern and liquidity

As explained in note 1(c)(i), the consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be required should the Group fail to continue as a going concern since the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year after taking into the considerations as detailed in note 1(c)(i). The directors of the Company also believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements for the next twelve months from 31 December 2025.

Classification between investment property and owner-occupied property

The Group determines whether a property qualifies as an investment property, has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Property comprises a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty

The followings are 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.

(i) Impairment of assets

In accordance with accounting policies as set out in note 1(m)(iii), the Group reviews the carrying amounts of other non-current assets at the end of each reporting period to determine whether there is objective evidence of impairment. When an indication of impairment is identified, management prepares discounted cash flow forecasts to assess the differences between the carrying amount and value in use or fair value less costs of disposal (if higher) and provides for any impairment losses. Any change in the assumptions adopted in the cash flow forecasts would increase or decrease the provision for impairment losses and affect the net asset value of the Group.

In measuring ECLs for trade receivables, loan receivable and other receivables, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions. Any changes in the assumptions adopted in measuring ECLs would increase or decrease the provision for impairment losses and affect the net asset value of the Group.

An increase or decrease in the above impairment loss would affect the results of the Group in future years.

(ii) Fair value of investment property

At 31 December 2025, the Group's investment property amounted to approximately RMB30,477,000 (2024: RMB35,126,000). They are stated at estimated fair value, determined by the Directors, based on an independent external appraisal. The valuation of the Group's property portfolio is inherently subjective due to a number of factors including the individual nature of each property, its location, expectation of future rentals and the discount yield applied to those cash flows. Favourable and unfavourable changes to these factors would result in changes in the valuation of the Group's investment property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in provision of consulting services for investment, development, construction and operation of solar photovoltaic power stations and production and sales of efficient mono-crystalline and power storage products. Also, the Group is providing logistic services to factories, manufacturers, raw material providers.

(i) Disaggregation of revenue from contracts with customers

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

	2025 RMB'000	2024 RMB'000
Solar and power storage		
Power generation	16,913	12,804
Power storage (sales and production)	3,806	7,183
EPC consulting	151,012	13,163
Logistics	49,503	130,014
Total	221,234	163,164

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 3(b)(i).

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

The Group has applied the practical expedient in IFRS 15 to all its contracts such that no information regarding revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date is disclosed because either the remaining performance obligation is part of a contract that has an original expected duration of one year or less or the Group recognises revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the Group's performance completed to date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the chief operating decision maker (the "CODM") for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Solar and power storage – Provision of consulting services for investment, development, construction and operation of solar photovoltaic power stations and production and sales of power storage and mono-crystalline products.
- Logistics services – Provision of logistics services to factories, manufacturers, raw material providers in the PRC, primarily in the Jiangsu Province.

(i) *Segment revenue and results*

For the purposes of assessing segment performance and allocating resources between segments, the CODM monitors the results attributable to each reportable segment on the following bases:

Segment result includes revenue and expenses that are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments.

In addition, the CODM is provided with segment information concerning revenue and other information relevant to the assessment of segment performance and allocation of resources between segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) *Segment revenue and results (continued)*

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 is set out below.

For the year ended 31 December 2025

	Solar and power storage RMB'000	Logistics services RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition			
Point in time	150,930	–	150,930
Over time	20,801	49,503	70,304
Total revenue	171,731	49,503	221,234
Segment loss	(6,751)	(1,374)	(8,125)
Unallocated income and other losses, net			3,727
Unallocated corporate expenses			(29,155)
Unallocated finance costs			(29,210)
Impairment loss on other receivables			(748)
Loss before taxation			(63,511)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment revenue and results *(continued)*

For the year ended 31 December 2024

	Solar and power storage RMB'000	Logistics services RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition			
Point in time	7,183	–	7,183
Over time	25,967	130,014	155,981
Total revenue	33,150	130,014	163,164
Segment profit	5,624	47	5,671
Unallocated income and other losses, net			(982)
Unallocated corporate expenses			(30,088)
Unallocated finance costs			(23,430)
Reversal of impairment loss on other receivables			162
Loss before taxation			(48,667)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss of each segment without allocation of central and other operating expenses, unallocated other income and other net losses, unallocated finance cost and impairment loss (reversal of impairment loss) on other receivables. This is the measure reported to the directors of the Company with respect to the resource allocation and performance assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(ii) Segment assets and liabilities

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

Segment assets

	2025 RMB'000	2024 RMB'000
Solar and power storage	254,263	27,221
Logistics services	7,327	6,721
Total segment assets	261,590	33,942
Corporate and other assets	159,163	112,317
Total assets	420,753	146,259

Segment liabilities

	2025 RMB'000	2024 RMB'000
Solar and power storage	309,658	58,292
Logistics services	7,092	8,366
Total segment liabilities	316,750	66,658
Corporate and other liabilities	327,693	240,025
Total liabilities	644,443	306,683

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

- All assets are allocated to operating segment, other than unallocated corporate assets, including unallocated property, plant and equipment, investment property, interest in associates, financial assets at FVTOCI, deferred tax assets, unallocated deposits, prepayments and other receivables and cash and cash equivalents. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(ii) *Segment assets and liabilities (continued)*

Segment liabilities (continued)

- All liabilities are allocated to operating segments, other than unallocated corporate liabilities, including unallocated other payables and accruals, unallocated lease liabilities, interest-bearing borrowings, loans from shareholders, convertible bonds, deferred income consideration payable, deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment liabilities.

(iii) *Other segment information*

For the year ended 31 December 2025

	Solar and power storage RMB'000	Logistics services RMB'000	Unallocated RMB'000	Total RMB'000
Amounts include in the measure of segment profit or loss of segment assets:				
Depreciation and amortisation	955	–	1,048	2,003
Impairment loss on financial assets	30,898	–	748	31,646
Loss on written-off of property, plant and equipment	954	–	–	954
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss of segment assets:				
Finance costs	595	–	29,210	29,805
Income tax expense	126	–	633	759

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(iii) Other segment information *(continued)*

For the year ended 31 December 2024

	Solar and power storage RMB'000	Logistics services RMB'000	Unallocated RMB'000	Total RMB'000
Amounts include in the measure of segment profit or loss of segment assets:				
Depreciation and amortisation	4,549	–	1,313	5,862
Reversal of impairment loss on financial assets	(612)	–	(162)	(774)
Loss on written-off of property, plant and equipment	2,975	–	–	2,975
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss of segment assets:				
Finance costs	972	–	23,431	24,403
Income tax expense	72	2	1,782	1,856

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(iv) Geographic information

No geographic information has been presented as most of the Group's operating activities are carried in the PRC (including Hong Kong).

(v) Information about 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	11,235	30,201
Customer B	N/A*	18,066
Customer C	147,124	N/A*

Note: Revenue from customer A and B are generated from logistics services segment. Revenue from customer C is generated from solar and power storage segment.

* The corresponding revenue from customer did not contribute over 10% of the total revenue of the Group.

4. OTHER INCOME

	2025 RMB'000	2024 RMB'000
Release of deferred income	2,507	4,173
Interest income	1,425	963
Rental income	5,681	3,658
Others	101	24
	9,714	8,818

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. OTHER LOSSES, NET

	2025 RMB'000	2024 RMB'000
Fair value loss on investment properties	(4,649)	(7,534)
Loss on written-off of property, plant and equipment	(954)	(2,975)
Net foreign exchange loss	(323)	(717)
Government compensations	–	1,946
Others	(61)	(520)
	(5,987)	(9,800)

6. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on other borrowings	7,055	7,896
Interest on loans from shareholders	20,689	13,119
Interest on lease liabilities	595	972
Interest on convertible bonds (note)	1,466	2,416
Total interest expense on financial liabilities not at fair value through profit or loss	29,805	24,403

Note: Imputed interest included.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
Current tax – PRC Enterprise Income Tax		
Under-provision in respect of prior years	126	74
Deferred taxation	633	1,782
	759	1,856

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group's operation in Hong Kong had no assessable profits for the years ended 31 December 2025 and 2024.

PRC subsidiary is subject to PRC Enterprise Income Tax (“**EIT**”) at 25%. No provision the PRC Enterprise Income Tax has been made as the subsidiary incorporated in the PRC had no assessable profits arising in the PRC for the years ended 31 December 2025 and 2024.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“**BVI**”), the Group is not subject to any income tax in the Cayman Islands and the BVI for the years ended 31 December 2025 and 2024.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. INCOME TAX EXPENSE *(continued)*

The income tax expense for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
Loss before taxation	(63,511)	(48,667)
Tax at the domestic EIT rate at 25%	(15,878)	(12,167)
Tax effect of expenses not deductible for tax purpose	9,489	8,657
Tax effect of income not taxable for tax purpose	(6,496)	(2,283)
Tax effect of temporary difference not recognised	9,548	3,513
Tax effect of unrecognised tax losses	3,970	4,062
Under-provision in respect of prior years	126	74
Income tax expense	759	1,856

Details of the deferred taxation are set out in note 31.

8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

(a) Staff costs

	2025 RMB'000	2024 RMB'000
Directors' emoluments (note 9)	1,579	1,192
Other staffs costs (exclude of director's emoluments)		
– Salaries, wages, bonus and other benefits	5,661	6,365
– Retirement benefits schemes contributions	532	462
Total staff costs	7,772	8,019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. LOSS FOR THE YEAR *(continued)*

(b) Other items

	2025 RMB'000	2024 RMB'000
Depreciation charge		
– owned property, plant and equipment	288	3,470
– right-of-use assets	1,715	2,392
	2,003	5,862
Auditor's remuneration	1,250	1,280
Amount of inventories recognised as an expense	143,645	19,560
Impairment loss (reversal of impairment loss) on trade receivables	30,898	(612)
Impairment loss (reversal of impairment loss) on other receivables	748	(162)
Net rental income from investment property	(5,681)	(3,658)

9. DIRECTORS' EMOLUMENTS

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

2025	Fees RMB'000	Basic salaries and allowance RMB'000	Share-based payments expense RMB'000	Retirement benefits schemes contributions RMB'000	Total RMB'000
Executive director					
Mr. John Yi Zhang	-	-	-	-	-
Non-executive directors					
Mr. Dai Ji	200	602	-	164	966
Mr. Qiao Fenglin	200	170	-	43	413
Independent non-executive directors					
Mr. Jiang Qiang	200	-	-	-	200
Ms. Qiu Ping Maggie (note a)	-	-	-	-	-
Dr. Yan Ka Shing	-	-	-	-	-
	600	772	-	207	1,579

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. DIRECTORS' EMOLUMENTS *(continued)*

2024	Fees RMB'000	Basic salaries and allowance RMB'000	Share-based payments expense RMB'000	Retirement benefits schemes contributions RMB'000	Total RMB'000
Executive director					
Mr. John Yi Zhang	-	-	-	-	-
Non-executive directors					
Mr. Dai Ji	200	356	-	27	583
Mr. Qiao Fenglin	200	196	-	13	409
Independent non-executive directors					
Mr. Jiang Qiang	200	-	-	-	200
Ms. Qiu Ping Maggie (note a)	-	-	-	-	-
Dr. Yan Ka Shing	-	-	-	-	-
	600	552	-	40	1,192

Notes:

- (a) Appointed on 6 May 2024.
- (b) The remuneration includes remuneration received from the Group by the director in his capacity as an employee of the subsidiaries.

No chief executive was appointed during the years ended 31 December 2025 and 2024.

Except for independent non-executive director, Dr. Yan Ka Shing, no directors of the Company waived or agreed to waive the emolument paid by the Group during the years ended 31 December 2025 and 2024.

No emoluments were paid by the Group to the directors as an inducement for joining the Group or as compensation for loss of office during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals of the Group included one (2024: one) director of the Company during the year ended 31 December 2025, whose emoluments are included in the analysis presented above. Details of emoluments paid to the remaining four (2024: four) individuals of the Group during the year ended 31 December 2025 were as follow:

	2025 RMB'000	2024 RMB'000
Salaries, wages, bonus and other benefits	2,321	2,184
Retirement benefits schemes contributions	282	82
	2,603	2,266

Their emoluments were within the following levels:

	2025 Number of individuals	2024 Number of individuals
Nil – HK\$1,000,000 (equivalent to approximately RMB915,300 (2024: RMB926,040))	4	4

No emoluments were paid by the Group to the five highest paid individuals as an incentive payment to join or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2025 and 2024.

11. DIVIDENDS

No dividend was paid, declared or proposed during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. LOSS PER SHARE

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

	2025 RMB'000	2024 RMB'000
Loss		
Loss for the year attributable to owners of the Company	(63,555)	(48,383)

	2025	2024
Number of shares		
Weighted average number of ordinary shares	1,059,923,412	1,034,830,996

The weighted average of ordinary shares of 1,034,830,996 for the year ended 31 December 2024 was adjusted to reflect shares subscription.

The computation of diluted loss per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for both 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Leasehold land RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Sub-total RMB'000	Investment property RMB'000	Total RMB'000
Cost or fair value								
At 1 January 2024	2,190	33,817	134,891	1,182	1,265	173,345	42,660	216,005
Additions	-	195	-	-	-	195	-	195
Fair value loss	-	-	-	-	-	-	(7,534)	(7,534)
Written-off	-	(68)	(4,251)	-	-	(4,319)	-	(4,319)
At 31 December 2024	2,190	33,944	130,640	1,182	1,265	169,221	35,126	204,347
Representing:								
Cost	2,190	33,944	130,640	1,182	1,265	169,221	-	169,221
Fair value	-	-	-	-	-	-	35,126	35,126
	2,190	33,944	130,640	1,182	1,265	169,221	35,126	204,347
At 1 January 2025	2,190	33,944	130,640	1,182	1,265	169,221	35,126	204,347
Additions	11,513	-	-	-	-	11,513	-	11,513
Fair value loss	-	-	-	-	-	-	(4,649)	(4,649)
Written-off	-	-	(4,125)	-	(91)	(4,216)	-	(4,216)
At 31 December 2025	13,703	33,944	126,515	1,182	1,174	176,518	30,477	206,995
Representing:								
Cost	13,703	33,944	126,515	1,182	1,174	176,518	-	176,518
Fair value	-	-	-	-	-	-	30,477	30,477
	13,703	33,944	126,515	1,182	1,174	176,518	30,477	206,995

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT *(continued)*

(a) Reconciliation of carrying amount *(continued)*

	Leasehold land RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Sub-total RMB'000	Investment property RMB'000	Total RMB'000
Accumulated depreciation and impairment:								
At 1 January 2024	640	30,677	114,529	59	1,263	147,168	-	147,168
Charge for the year	44	1,694	4,094	28	2	5,862	-	5,862
Written-off	-	(68)	(1,276)	-	-	(1,344)	-	(1,344)
At 31 December 2024	684	32,303	117,347	87	1,265	151,686	-	151,686
At 1 January 2025	684	32,303	117,347	87	1,265	151,686	-	151,686
Charge for the year	92	1,028	863	20	-	2,003	-	2,003
Written-off	-	-	(3,171)	-	(91)	(3,262)	-	(3,262)
At 31 December 2025	776	33,331	115,039	107	1,174	150,427	-	150,427
Net book value:								
At 31 December 2025	12,927	613	11,476	1,075	-	26,091	30,477	56,568
At 31 December 2024	1,506	1,641	13,293	1,095	-	17,535	35,126	52,661

The Group's buildings are located on land in the PRC which is under a lease term of 50 years.

As at 31 December 2025, the Group pledged its plant and machinery with total carrying amount of nil (2024: RMB247,000) to secure other borrowings granted to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT *(continued)*

(b) Fair value measurement of investment property

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT *(continued)*

(b) Fair value measurement of investment property *(continued)*

(i) Fair value hierarchy *(continued)*

	Fair value at	Fair value measurements		
	31 December	as at 31 December 2025 categorised into		
	2025	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Investment property:				
– Industrial property located in				
Jiangsu	30,477	–	–	30,477

	Fair value at	Fair value measurements		
	31 December	as at 31 December 2024 categorised into		
	2024	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Investment property:				
– Industrial property located in				
Jiangsu	35,126	–	–	35,126

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment property was revalued as at 31 December 2025. The valuations were carried out by an independent firm of surveyors, Beijing Zhongwei Chenguang Assets Appraisal Co., Ltd (2024: Beijing Zhongwei Chenguang Assets Appraisal Co., Ltd), who have among their staff China Appraisal Society with recent experience in the location and category of property being valued. The directors of the Company have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT *(continued)*

(b) Fair value measurement of investment property *(continued)*

(ii) Information about Level 3 fair value measurements

2025	Valuation techniques	Unobservable input	Range
Investment property: Industrial property	Income approach	Market yield	3.5%
		Market rent per sq.m. per year	RMB95 – RMB117
	Cost approach	Estimated cost of construction per sq.m.	RMB1,300 – RMB1,800
2024	Valuation techniques	Unobservable input	Range
Investment property: Industrial property	Income approach	Market yield	4%
		Market rent per sq.m. per year	RMB95 – RMB117
	Cost approach	Estimated cost of construction per sq.m.	RMB1,300 – RMB1,800

The fair value of investment property located in China is determined by taking into account the net rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. The fair value measurement is positively correlated to the market rent per square metre per year, and negatively correlated to the market yield.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT *(continued)*

(b) Fair value measurement of investment property *(continued)*

(ii) Information about Level 3 fair value measurements *(continued)*

The fair value of investment property located in China is determined using cost approach by taking into account the cost to reproduce or replace in new condition the property appraised in accordance with current construction costs for similar property in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for property in the absence of a known market based on comparable sales.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2025 RMB'000	2024 RMB'000
Investment property – Industrial property		
– Mainland China:		
At 1 January	35,126	42,660
Fair value adjustment	(4,649)	(7,534)
At 31 December	30,477	35,126

Fair value adjustment of investment property is recognised in the line item “fair value loss on investment property” included in other losses, net (see note 5).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT *(continued)*

(c) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Ownership interests in leasehold land held for own use, carried at depreciated cost in China, with remaining lease term between 10 and 50 years	(i)	12,927	1,506
Other properties leased for own use, carried at depreciated cost	(ii)	613	1,597
Plant and machinery, carried at depreciated cost	(iii)	10,334	10,974
		10,947	12,571
Ownership interests in leasehold investment property situated in China, carried at fair value, with remaining lease term of between 10 and 50 years		30,477	35,126
		54,351	49,203

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT *(continued)*

(c) Right-of-use assets *(continued)*

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land held for own use	92	44
Other properties leased for own use	983	1,580
Plant and machinery	640	768
	1,715	2,392
Interest on lease liabilities (note 6)	595	972
Expense relating to short-term leases	532	1,596

During the year, additions to right-of-use assets were RMB11,513,000 (2024: RMB195,000). This amount included the purchase of a leasehold land of RMB11,513,000 (2024: nil), and the remainder primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the future cash outflows arising from leases that are not yet commenced are set out in notes 21(d) and 40(e), respectively.

(i) *Ownership interests in leasehold land and buildings held for own use*

The leasehold land represents the land use rights situated in the PRC. As at 31 December 2025, the Group pledged its leasehold land with carrying amount of RMB1,462,000 (2024: nil) were pledged as security for the Group's other borrowings (see note 36).

(ii) *Other properties leased for own use*

The Group leases various office and factory premises and plant and machinery for its daily operations. Lease terms range from 1 to 20 years, with an option to renew the lease when all terms are renegotiated. Lease payments were usually increased annually to reflect current market rentals.

(iii) *Other leases*

The Group leases plant and machinery for its operations. As at 31 December 2025, the Group pledged its leased plant and machinery with carrying amount of approximately RMB10,334,000 (2024: RMB10,974,000) to secure lease liabilities granted to the Group (see note 36).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT *(continued)*

(d) Investment property

The Group leases out investment property under operating leases. The leases typically run for an initial period of 2 to 10 years, with an option to renew the lease after that date at which time all terms are renegotiated.

As at 31 December 2025, the Group pledged its investment properties with carrying amount of RMB30,477,000 (2024: nil) were pledged as security for the Group's other borrowings (see note 36).

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2025	2024
	RMB'000	RMB'000
Within 1 year	–	1,414
After 1 year but within 2 years	–	1,874
After 2 years but within 5 years	–	1,943
Over 5 years	–	–
	–	5,231

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. INTANGIBLE ASSETS

	Cooperative agreement RMB'000	Non-compet agreement RMB'000	Franchise relationship RMB'000	Backlog RMB'000	Technology RMB'000	Total RMB'000
Cost:						
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	51,500	24,576	5,899	970	6,100	89,045
Accumulated amortisation and impairment:						
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	51,500	24,576	5,899	970	6,100	89,045
Net book value:						
At 31 December 2025	-	-	-	-	-	-
At 31 December 2024	-	-	-	-	-	-

15. INTEREST IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Costs of investments in associates	4,900	4,900
Share of associates' profit for the year	-	-
Investments in unlisted equity securities	4,900	4,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. INTEREST IN ASSOCIATES *(continued)*

Details of the Group's associate at the end of the reporting period are as follows:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Group's effective interest	Principal activity
Shenyang Com Haoyang New Energy Technology Co., Ltd.* ("Shenyang Com Haoyang") 瀋陽卡姆浩陽新能源科技有限公司	Incorporated	PRC	RMB2,450,000	49%	Investment and operation of the solar photovoltaic power stations
Shenyang Com Runze New Energy Technology Co., Ltd.* ("Shenyang Com Runze") 瀋陽卡姆潤澤新能源科技有限公司	Incorporated	PRC	RMB2,450,000	49%	Investment and operation of the solar photovoltaic power stations

The above associates are accounted for using the equity method in the consolidated financial statements.

* For identification purpose only

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Equity instruments designated as at FVTOCI		
Investments in unlisted equity securities	4,532	3,528

During the year ended 31 December 2023, the Group acquired 15% equity interest in Shenyang Guoyun Weikong Energy Storage Technology Limited ("Shenyang Guoyun") and its subsidiaries, are incorporated in PRC and engaging in frequency modulation business. Shenyang Guoyun, through Yongji Guoyun Weikong Energy Technology Limited, being its wholly-owned subsidiary, holds the development project of a flywheel lithium iron phosphate battery hybrid energy storage system (the "FLBH Energy System"). The Group designated its investment in Shenyang Guoyun at FVTOCI (non-recycling), as the investment is held for strategic purposes. No dividends were received on this investment during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. GOODWILL

	2025 RMB'000	2024 RMB'000
Cost		
At 1 January and 31 December	108,683	108,683
Accumulated impairment		
At 1 January and 31 December	108,683	108,683
Carrying amount		
At 31 December	-	-

The net carrying amount of the goodwill arose from acquisitions of the solar power stations and power storage business. For the purpose of impairment testing, goodwill have been allocated to an individual CGU, under solar power stations and power storage business. The goodwill was fully impaired during the year ended 31 December 2022.

Impairment review on the CGUs of the Group has been conducted by the management as of 31 December 2025 and 2024. For the purposes of impairment review, the recoverable amount of CGUs is determined based on the higher amount of the fair value less cost of disposal ("FVLCD") and value-in-use calculations.

As of 31 December 2025 and 2024, the recoverable amount of CGUs was determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on business plan for the purpose of impairment reviews covering a five-year period. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. The management leveraged their extensive experiences in the industries and provided forecast based on past performance and their expectation of future business plans and market developments.

The following table sets forth each key assumption on which management has based its cash flow projection to undertake impairment testing:

	2025	2024
Revenue growth rate during the forecast period:	5%	5%
Terminal growth rate:	2%	2%
Pre-tax discount rate:	11%	14%

There were no impairment recognised on property, plant and equipment for the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	530	–
Work-in-progress	–	33
Finished goods	132,434	1,057
	132,964	1,090

19. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Receivables at amortised cost comprise:		
Trade receivables	99,042	27,125
Less: loss allowance for trade receivables	(45,518)	(14,620)
	53,524	12,505

As at 31 December 2025, the gross amount of trade receivables arising from contracts with customers amounted to approximately RMB99,042,000 (2024: RMB27,125,000).

The Group requests prepayment from customers before delivery of goods and allows a credit period of 7 to 180 days for the remaining balance on a case-by-case basis. Further details on the Group's credit policy and credit risk arising from trade debtors are set out in note 40(d).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. TRADE RECEIVABLES *(continued)*

The following is an ageing analysis of trade receivables, net of loss allowance for trade receivables, presented based on the invoice date which approximates revenue recognition date, at the end of each reporting period.

	2025 RMB'000	2024 RMB'000
Within 1 month	53,347	8,979
1 to 2 months	104	278
2 to 3 months	16	428
3 to 6 months	57	1,217
Over 6 months	–	1,603
	53,524	12,505

As at 31 December 2025, trade receivables with carrying amount of approximately RMB1,393,000 (2024: approximately RMB1,491,000) (see note 36) were pledged as security for the Group's other borrowings.

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Loan receivable	15,000	8,500
Value-added tax receivables	36,968	22,166
Other receivables	48,540	26,436
Advance to suppliers and prepayments	63,218	4,369
	163,726	61,471
Less: loss allowance	(1,614)	(866)
	162,112	60,605

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(continued)*

On 28 November 2023, Comtec Energy Storage Technology (Liaoning) Limited (“**Comtec Energy Storage Technology**”), a partially-owned subsidiary of the Company, entered into the loan agreement and agreed to grant the shareholder’s loan in the amount of RMB8,500,000 to Shenyang Guoyun, a company owned as to 15% by Comtec Energy Storage Technology, in order to support the working capital for the project development of FLBH Energy System held by Yongji Guoyun Weikong Energy Technology Limited, a wholly-owned subsidiary of Shenyang Guoyun.

During the year ended 31 December 2025, Yi Ye New Energy (Jiangsu) Co., Limited (“**Yi Ye New Energy**”), the immediate holding company of Comtec Energy Storage Technology, entered into a loan agreement to grant the shareholder’s loan of RMB7,000,000 to Shenyang Guoyun to support the working capital for the project development of FLBH Energy System.

As at 31 December 2025, the aggregate carrying amount of the shareholders’ loan were RMB15,000,000 (2024: RMB8,500,000).

Further details on the Group’s credit policy and credit risk arising from other debtors are set out in note 40(d).

21. PLEDGED BANK DEPOSITS, CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Pledged bank deposits

As at 31 December 2025, the Group pledged its bank deposits of approximately RMB5,000 (2024: RMB5,000) as security for other borrowings.

(b) Cash and cash equivalents

Bank balances carry interest at market rates which range from 0.1% to 0.2% (31 December 2024: 0.1% to 0.2%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. PLEDGED BANK DEPOSITS, CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(continued)*

(c) Reconciliation of liabilities arising from financing activities

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

	Interest payable RMB'000 (Note 23)	Convertible bonds RMB'000 (Note 30)	Lease liabilities RMB'000 (Note 29)	Loans from shareholders RMB'000 (Note 26)	Interest-bearing borrowings RMB'000 (Note 25)	Total RMB'000
At 1 January 2025	66,236	4,152	11,374	50,144	56,016	187,922
Financing cash flows	(2,247)	-	(3,425)	16,244	42,786	53,358
Accrued interest	29,210	-	595	-	-	29,805
Off-setting	-	(3,449)	-	3,449	-	-
Exchange difference	(371)	(17)	-	(1,190)	(256)	(1,834)
At 31 December 2025	92,828	686	8,544	68,647	98,546	269,251

	Interest payable RMB'000 (Note 23)	Convertible bonds RMB'000 (Note 30)	Lease liabilities RMB'000 (Note 29)	Loans from shareholders RMB'000 (Note 26)	Interest-bearing borrowings RMB'000 (Note 25)	Total RMB'000
At 1 January 2024	56,603	14,107	15,211	2,084	54,597	142,602
Financing cash flows	(3,622)	-	(5,004)	-	1,155	(7,471)
Addition	-	-	195	-	-	195
Accrued interest	23,431	-	972	-	-	24,403
Shares subscription for repayment	(218)	-	-	(906)	-	(1,124)
Reallocation	-	-	-	28,389	-	28,389
Off-setting	(9,961)	(10,165)	-	20,126	-	-
Exchange difference	3	210	-	451	264	928
At 31 December 2024	66,236	4,152	11,374	50,144	56,016	187,922

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. PLEDGED BANK DEPOSITS, CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(continued)*

(c) Major non-cash transactions

- (i) During the year ended 31 December 2024, the Group entered into the new arrangements in respect of lease of assets. Right-of-use assets of approximately RMB195,000 and lease liabilities of approximately RMB195,000 were recognised at the commencement of the lease.
- (ii) During the year ended 31 December 2025, the certain principal amount of the Bonds of approximately USD480,000 (equivalent to RMB3,449,000) (2024: approximately USD1,414,000 (equivalent to RMB10,165,000)) was offset by a related party, details of which are set out in note 30.
- (iii) On 28 February 2024, the Company issued 158,341,800 new shares pursuant to a subscription agreement at the subscription price of HKD0.105 per subscription share, for capitalising certain other payables and interest-bearing borrowings with an aggregate of approximately HKD7,416,000 (equivalent to RMB6,729,000) and to receive cash proceeds of approximately HKD9,209,000 (equivalent to RMB8,358,000), before deducting related expenses of approximately HKD551,000 (equivalent to RMB500,000).

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2025	2024
	RMB'000	RMB'000
Within operating cash flows	532	1,596
Within financing cash flows	3,425	5,004
	3,957	6,600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. TRADE PAYABLES

The following is the ageing analysis of trade payables based on the invoice date at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Within 1 month	65,693	2,691
1 to 2 months	10,305	430
2 to 3 months	748	348
3 to 6 months	74,197	27
6 months but within 1 year	85,515	7,403
Over 1 year	48,654	42,020
	285,112	52,919

The average credit period for purchases of goods is 7 days to 180 days and certain suppliers grant longer credit period on a case-by-case basis.

23. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Interest payables (note)	92,828	66,236
Other payables and accrued charges (note)	42,479	37,101
Amounts due to associates (note)	4,900	4,900
Payables for acquisition of property, plant and equipment	3,931	3,931
	144,138	112,168

Note: During the year ended 31 December 2025, the certain principal amount of convertible bonds of approximately USD480,000 (equivalent to RMB3,449,000) (2024: approximately USD1,414,000 (equivalent to RMB10,165,000)) (see note 30) was offset by a related party.

As at 31 December 2025, included in the Group's interest payable balance with aggregate net carrying amount of approximately RMB92,828,000 (2024: RMB66,236,000), of which the gross carrying amount of accrued interest and default interest payable of (i) convertible bonds; and (ii) other borrowing due to bondholder in the aggregate amount of approximately RMB21,224,000 (2024: RMB17,114,000), net of settlement of nil (2024: RMB9,961,000), settled on behalf of the Company by a related party during the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Advances from customers	23,090	2,365

In general, the Group receives certain percentage of the contract sum as advance payment from the customers upon signing of the sales contracts.

Revenue recognised during the year ended 31 December 2025 that was included in the contract liabilities as at the beginning of the year was approximately RMB2,365,000 (2024: RMB3,305,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in prior year.

The movements and expected timing of revenue recognition of contract liabilities is set out below:

Movements in contract liabilities

	2025 RMB'000	2024 RMB'000
Balance at 1 January	2,365	3,305
Recognised as revenue	(6,248)	(5,118)
Receipt of advances	26,973	4,178
Advances from customers	23,090	2,365

Expected timing of revenue recognition

	2025 RMB'000	2024 RMB'000
Within 1 year	23,090	2,365

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. INTEREST-BEARING BORROWINGS

	2025 RMB'000	2024 RMB'000
Other borrowings		
– secured	76,124	32,444
– unsecured	22,422	23,572
	98,546	56,016
Analysis as:		
Current liabilities	69,421	21,345
Non-current liabilities	29,125	34,671
	98,546	56,016

(a) Other borrowings

At the end of the reporting period, the Group's other borrowings are unsecured, interest-bearing at rates ranging from 1.84% to 24% (2024: 1.84% to 24%) per annum and repayable within twelve months.

On 5 September 2022, the Company received the sealed copy of the Final Judgement for the US\$512,992 together with 15% interest per annum from 14 June 2020 to the date of Judgment and thereafter at the judgment rate until payment. As at 31 December 2024, the total outstanding principal, accrued interest and default interest is approximately US\$926,000 (2024: approximately US\$823,000) which included in other borrowings and interest payable (see note 23).

26. LOANS FROM SHAREHOLDERS

	2025 RMB'000	2024 RMB'000
Analysis as:		
Current	68,647	50,144

As at 31 December 2025, the loans from shareholders are unsecured, interest bearing ranged from 10% to 24% (2024: 15% to 24%) per annum and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Government grants		
– current	487	2,507
– non-current	1,816	2,303
	2,303	4,810

In the prior years, the Group received government subsidies which were related to compensation for acquisition of plant and equipment in the PRC. The amounts were treated as deferred income and amortised to income over the useful lives of the relevant assets. During the year ended 31 December 2025, deferred income of RMB2,507,000 (2024: RMB4,173,000) was recognised as other income in profit or loss.

28. CONSIDERATION PAYABLE

	2025 RMB'000	2024 RMB'000
Consideration payable	5,130	5,130

The outstanding consideration payable was arisen from the acquisition of Kexin Power System Design and Research Company Limited* 鎮江科信動力系統設計研究有限公司 (“Kexin”) in prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. LEASE LIABILITIES

As at 31 December 2025 and 2024, the lease liabilities were repayable as follows:

	2025	2024
	RMB'000	RMB'000
Current	1,439	2,575
Non-current	7,105	8,799
	8,544	11,374
Amounts payable under lease liabilities		
Within 1 year	1,439	2,575
After 1 year but within 2 years	1,876	2,036
After 2 years but within 5 years	5,229	6,763
	8,544	11,374
Less: Amount due for settlement within 12 months (show under current liabilities)	(1,439)	(2,575)
Amount due for settlement after 12 months	7,105	8,799

During the year ended 31 December 2025, the Group did not enter into new lease agreement (2024: entered into a number of new lease agreements in respect of renting properties, plant and machinery) and recognised lease liability of nil (2024: approximately RMB195,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. CONVERTIBLE BONDS

The Company issued USD denominated convertible bonds (the “**Bonds**”) at an aggregate principal amount of USD10,000,000 with interest rate of 10% per annum on 27 July 2018.

Principal terms of the Bonds:

- (i) Denomination of the Bonds – The Bonds are denominated and settled in USD.
- (ii) Maturity date – The third anniversary of the date of issuance of the Bonds, which is 27 July 2021.
- (iii) Interest – The Bonds carry interest at 10% per annum, accrued on a daily basis, of which 3% shall be paid in cash semi-annually in arrears and 7% should be paid in cash upon redemption or maturity.
- (iv) Security – The obligations of Company in respect of the Bonds are secured by the share charge of Comtec Solar (Hong Kong) Limited and Future Energy Capital Group Limited.
- (v) Conversion
 - (a) Conversion price – The initial conversion price is HKD0.174 per share, subject to adjustments.

Upon the completion of the share consolidation on 28 August 2019, the conversion price has been increased to HKD0.696 per share.
 - (b) Conversion period – The bondholder shall have the right, on any business day after the date of issuance until and including the seventh business day immediately preceding the maturity date, to convert the whole or part of the outstanding principal amounts of the Bonds.
 - (c) Number of conversion shares issuable – The number of conversion shares to be issued shall be calculated based on the principal amount of the Bonds being converted and the conversion price applicable on the relevant conversion date. No fraction of a share shall be issued on conversion of the Bonds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. CONVERTIBLE BONDS *(continued)*

Principal terms of the Bonds: *(continued)*

The Bonds contain two components: the debt component and the derivative component. The effective interest rate of the debt component is 12.44%. The derivative component is measured at fair value with changes in fair value recognised in profit or loss subsequently.

The Company received the conversion notices from the subscriber for the exercise of the conversion rights attached to the Bonds in respect of the aggregate principal amount of USD2,000,000 and USD2,000,000 on 5 March 2021 and 18 March 2021 respectively. Pursuant to the conversion price of HKD0.696 per conversion share which is the adjusted conversion price after implementation of the share consolidation on 28 August 2019, a total number of 22,556,896 and 22,556,896 conversion shares have been issued to the subscriber on 5 March 2021 and 18 March 2021 respectively.

During the year ended 31 December 2025, the certain principal amount of the Bonds of approximately USD480,000 (equivalent to RMB3,449,000) (2024: approximately USD1,414,000 (equivalent to RMB10,165,000)) was offset by a related party.

As at 31 December 2025, the aggregate principal amount of the Bonds of approximately USD98,000 (equivalent to RMB686,000) (2024: approximately USD578,000 (equivalent to RMB4,152,000)) is overdue.

The movements of the debt and derivative components of the Bonds for the year are set out below:

	Debt component	Derivative component
	RMB'000	RMB'000
At 1 January 2024	14,107	–
Off-setting	(10,165)	–
Exchange difference	210	–
At 31 December 2024 and 1 January 2025	4,152	–
Off-setting	(3,449)	–
Exchange difference	(17)	–
At 31 December 2025	686	–

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For the year ended 31 December 2025

31. DEFERRED TAX

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

Deferred tax liabilities (assets) arising from:	Withholding tax on undistributed profits	Fair value adjustment	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2024	1,746	(3,672)	(1,926)
Charge to profit or loss	–	1,782	1,782
At 31 December 2024 and 1 January 2025	1,746	(1,890)	(144)
Charge to profit or loss	–	633	633
At 31 December 2025	1,746	(1,257)	489

Pursuant to the EIT Law and its detailed implementation rules, dividend distributed out of the profit generated thereafter, shall be subject to EIT at 10% and withheld by the PRC entities. By the Tax Arrangement for Avoidance of Double Taxation between China and Hong Kong, a Hong Kong resident company should be entitled to preferential tax rate of 5% when receiving dividend from its PRC subsidiaries. The Hong Kong subsidiaries of the Group enjoyed the preferential tax rate aforementioned. Accordingly, deferred tax liability has been provided for in the consolidated financial statements in respect of the expected dividend stream from the PRC subsidiaries with the applicable tax rate of 5%.

As at 31 December 2025, deferred tax liabilities were provided for the undistributed profits of certain PRC operating subsidiaries in the amount of RMB65,000,000 (2024: RMB65,000,000), as the Group has determined that the remaining portion of the undistributed profits of those PRC operating subsidiaries will not be distributed in the foreseeable future.

At the end of the reporting period, the Group had unrecognised deductible temporary differences and tax losses in aggregate of approximately RMB281,309,000 (2024: RMB320,416,000). The deductible temporary differences do not expire while the tax losses expire in 5 years since the losses are incurred.

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32. SHARE CAPITAL

	2025		2024	
	No. of shares	HKD'000	No. of shares	HKD'000
Ordinary shares of HK\$0.004 each, authorised:				
At 1 January and 31 December	1,900,000,000	7,600	1,900,000,000	7,600
Ordinary shares, issued and fully paid:				
At 1 January	1,059,923,412	4,240	901,581,612	3,606
Shares issued upon subscription in February 2024	–	–	158,341,800	634
At 31 December	1,059,923,412	4,240	1,059,923,412	4,240
		2025		2024
		RMB'000		RMB'000
Presented in RMB:				
Ordinary shares		3,727		3,727

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

On 28 February 2024, the Company issued 158,341,800 new shares pursuant to a subscription agreement at the subscription price of HKD0.105 per subscription share, for capitalising certain other payables and interest-bearing borrowings with an aggregate of approximately HKD7,416,000 (equivalent to RMB6,729,000) and to receive cash proceeds of approximately HKD9,209,000 (equivalent to RMB8,358,000), before deducting related expenses of approximately HKD551,000 (equivalent to RMB500,000).

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33. SHARE-BASED COMPENSATION

Share Option Scheme

The Company adopted the share option scheme (the “**Share Option Scheme**”) on 2 October 2009 for the purpose of motivating eligible persons to optimise their future contributions to the Group and/or reward them for their past contributions, attracting and retaining or otherwise maintaining on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

Eligible person refer to (a) an executive; (b) a director or proposed director (including an independent non-executive director) of any member of the Group; (c) a direct or indirect shareholder of any member of the Group; (d) a supplier of goods or services to any member of the Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and (g) an associate of any of the foregoing person.

Upon adoption, the maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the shares then in issue, that is, 100,000,000 shares. On 24 December 2015, the scheme mandate limit under the Share Option Scheme was refreshed with a maximum number of 139,186,175 shares, being 10% of the shares in issue as at 24 December 2015.

No option may be granted to any participant of the Share Option Scheme such that the total number of shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company’s issued share capital from time to time.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company HKD1.0 upon acceptance of the grant on or before the 28 days after the offer date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

- (a) the nominal value of a share;
- (b) the closing price of a share as stated in the Stock Exchange’s daily quotations sheets on the offer date; and
- (c) the average closing price of a share as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the offer date.

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33. SHARE-BASED COMPENSATION *(continued)*

Share Option Scheme *(continued)*

The Share Option Scheme shall be valid and effective for a period of 10 years from 2 October 2009, after which no further options will be granted or offered. The Share Option Scheme expired on 1 October 2019.

Set out below are the details of movements of the outstanding options granted under the Share Option Scheme during the years ended 31 December 2025 and 2024:

	2025					2024				
	At 1 January	Cancelled	Lapsed	At 31 December	Exercise price (HKD)	At 1 January	Cancelled	Lapsed	At 31 December	Exercise price (HKD)
15 June 2018 (a)	5,321,544	-	-	5,321,544	0.604	5,321,544	-	-	5,321,544	0.604
2 May 2017	5,475,000	-	-	5,475,000	1.340	5,475,000	-	-	5,475,000	1.340
9 September 2016	4,500,000	-	-	4,500,000	2.240	4,500,000	-	-	4,500,000	2.240
25 November 2015	10,650,000	-	(10,650,000)	-	2.944	10,650,000	-	-	10,650,000	2.944
26 June 2015	5,000,000	-	(5,000,000)	-	6.000	5,000,000	-	-	5,000,000	6.000
31 March 2014	-	-	-	-	-	225,000	-	(225,000)	-	-
	30,946,544	-	(15,650,000)	15,296,544		31,171,544	-	(225,000)	30,946,544	

All of the above options are fully vested and exercisable as at 31 December 2025 and 2024.

New Share Option Scheme

The Company adopted a new share option scheme (the “**New Share Option Scheme**”) on 31 December 2018. The purpose of the New Share Option Scheme is to motivate eligible persons (as mentioned in the following paragraph) to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are/or will be beneficial to the performance, growth or success of the Group, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions, and/or to provide the Company with a flexible means to remunerate and/or compensate selected participants (including shareholders of the Group who contribute to the Group by enhancing its profile in the investment community and facilitating development of the Company’s non-wholly owned subsidiaries) as the Board may approve from time to time.

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33. SHARE-BASED COMPENSATION *(continued)*

New Share Option Scheme *(continued)*

The basis of eligibility of any of the class of eligible persons to the grant of any options shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group (or any member of the Group).

Eligible persons mean: (a) any executive; (b) any director or proposed director (including an independent non-executive director) of any member of the Group; (c) any direct or indirect shareholder of any member of the Group whom the Board considers, in its sole discretion has contributed or will contribute to the Group; (d) any supplier of goods or services to any member of the Group; (e) any customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (f) any person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; or (g) any other person (including any individual staff member of any consultant, adviser, distributor, contractor, supplier, agent, customer, business partner, joint venture business partner, promoter or service provider of any member of the Group) whom the Board considers, in its sole discretion, has contributed or will contribute to the Group.

Upon adoption, the maximum number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and other share option schemes of the Company is 209,770,358 shares representing 10% of the issued share capital of the Company as at 31 December 2018.

The subscription price in respect of any option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but in any case the subscription price shall not be less than whichever is the highest of:

- (a) the nominal value of a share;
- (b) the closing price of a share as stated in the Stock Exchange's daily quotations sheets on the offer date; and
- (c) the average closing price of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date.

Subject to the terms of the New Share Option Scheme, the Board shall be entitled at any time within 10 years after the adoption date to offer the grant of an option to any eligible person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of shares as the Board may determine.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. SHARE-BASED COMPENSATION *(continued)*

New Share Option Scheme *(continued)*

Subject to the terms of the New Share Option Scheme, the New Share Option Scheme shall be valid and effective for a period of 10 years commencing on its adoption date. Upon the expiry of the New Share Option Scheme as aforesaid, no further options will be offered but the provisions of the New Share Option Scheme shall remain in force and effect in all other respects. All options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the New Share Option Scheme.

The options granted are at an exercise price of HKD0.28 per share and shall vest in accordance with the timetable below, each with an exercise period commencing from the relevant vesting date and ending 10 years after the relevant vesting date:

Vesting date	Percentage of Share Options to vest
29 May 2019	50% of the total number of share options granted
29 August 2019	12.5% of the total number of share options granted
29 November 2019	12.5% of the total number of share options granted
29 February 2020	12.5% of the total number of share options granted
29 May 2020	12.5% of the total number of share options granted

Set out below are the details of movements of the outstanding options granted under the New Share Option Scheme during the years ended 31 December 2025 and 31 December 2024:

Date of grant	2025				2024			
	At 1 January	Cancelled	Lapsed	At 31 December	At 1 January	Cancelled	Lapsed	At 31 December
29 May 2019	22,982,956	-	-	22,982,956	22,982,956	-	-	22,982,956
Exercise price (HKD)	0.280			0.280	0.280			0.280
Exercisable	22,982,956			22,982,956	22,982,956			22,982,956

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. SHARE-BASED COMPENSATION *(continued)*

New Share Option Scheme *(continued)*

As of the grant date, the fair value of the share options granted on 29 May 2019 was HKD407,000 (equivalent to RMB358,000), HKD1,312,000 (equivalent to RMB1,153,000) and HKD4,200,000 (equivalent to RMB3,692,000) for employees, directors and consultants respectively. The Binomial Option Pricing Model were used to estimate the fair value. Inputs to the model were as follows:

	Employees/ Directors	Consultants
Share price	HKD0.068	HKD0.068
Exercise price	HKD0.070	HKD0.070
Expected volatility	60%	60%
Expected life	10	10
Risk-free interest rate	2.25%	2.25%
Turnover Rate	10%	0%

The risk-free interest rate was based on the interpolated market yield of Hong Kong government bonds with maturity on 27 August 2029 as of the option grant date. Expected volatility was determined by using the historical volatility of the Company's share prices. The suboptimal exercise multiple used in the model represents the estimated ratio of future share price over the exercise price when the grantees will exercise the options and has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations. Changes in variables and assumptions may result in changes in the fair values of the share options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management personnel during the years were as follows:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	2,910	3,264
Post-employment benefits	201	145
	3,111	3,409

(b) Transactions with related parties

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following material transactions with related parties, which were entered into at terms mutually agreed with respective parties.

Related party relationship	Nature of transaction	2025 RMB'000	2024 RMB'000
Mr. Sun Da, shareholder of the Company	Interest expense on unsecured borrowing	178	178
Mr. Dai Ji, director and shareholder of the Company	Interest expense on unsecured borrowing	677	–
China Success Investment Group Limited and its subsidiaries (“CSI Group”) ⁽¹⁾	Shared services fee and facility costs	1,301	1,398
	Interest expense on unsecured borrowing	19,283	13,119

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. RELATED PARTY TRANSACTIONS *(continued)*

(c) Balances with related parties

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following material balances with related parties:

Related party relationship	Nature of transaction	2025 RMB'000	2024 RMB'000
Mr. Sun Da, shareholder of the Company	Interest expense payable on unsecured borrowing included in "Other payables and accruals" (note 23)	833	724
	Interest-bearing borrowings included in "Loans from shareholders" (note 26)	1,174	1,204
Mr. Dai Ji, director and shareholder of the Company	Interest expense payable on unsecured borrowing included in "Other payables and accruals" (note 23)	677	–
	Interest-bearing borrowings included in "Loans from shareholders" (note 26)	16,244	–
		18,928	1,928
Shenyang Com Haoyang	Amounts due to associates included in "Other payables and accruals" (note 23)	2,450	2,450
Shenyang Com Runze	Amounts due to associates included in "Other payables and accruals" (note 23)	2,450	2,450
		4,900	4,900
CSI Group ⁽¹⁾	Shared services fee and facility costs payable included in "Other payables and accruals" (note 23)	4,536	3,235
	Amount due to the CSI Group included in "Other payables and accruals" (note 23)	9,773	6,336
	Interest expense payable on unsecured borrowing included in "Other payables and accruals" (note 23)	28,666	10,972
	Interest-bearing borrowings included in "Loans from shareholders" (note 26)	51,229	48,940
		94,204	69,483

(1) Mr. Chang Loong Cheong and China Success Investment Group Limited has become a related party to the Group following the completion of the share subscription agreement on 30 June 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. EMPLOYEE RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme (“**MPF Scheme**”) for all its qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. Under the rule of MPF Scheme, the Group and its employees are each required to make a contribution to the MPF Scheme at 5% of the employees’ relevant income subject to a cap of monthly relevant income as specified in the rules. No forfeited contribution is available to reduce the contribution payable in the future years as at 31 December 2025.

The Group participates in a state-managed defined contribution retirement scheme organised by the relevant local government authority in the PRC. PRC employees of the Group eligible to participate in the retirement scheme are entitled to retirement benefits from the scheme. The Group is required to make monthly contributions to the retirement scheme of the eligible employees at specified percentage of the payroll and the local government authority is responsible for the pension liabilities to these employees upon their retirement.

During the year ended 31 December 2025, the total cost charged to consolidated statement of profit or loss and other comprehensive income of RMB739,000 (2024: RMB502,000) represents contributions payable to these schemes by the Group in respect of the respective accounting period.

36. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks to secure the bank borrowing, granted to the Group:

	<i>Notes</i>	2025 RMB’000	2024 RMB’000
Bank deposits	21(a)	5	5
Trade receivables	19	1,393	1,491
Plant and machinery	13(a), (c)	10,334	11,221
Leasehold land	13(c)	1,462	–
Investment property	13(d)	30,477	–
		43,671	12,717

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Non-current asset			
Interests in subsidiaries	(i)	16,459	16,889
Current assets			
Prepayment		88	88
Cash and cash equivalents		65	65
		153	153
Current liabilities			
Other payables and accruals		65,967	40,507
Loans from shareholders		51,228	48,940
Interest-bearing borrowings		4,809	4,918
Convertible bonds		686	4,152
		122,690	98,517
NET CURRENT LIABILITIES		(122,537)	(98,364)
NET LIABILITIES		(106,078)	(81,475)
CAPITAL AND RESERVES			
Share capital		3,727	3,727
Reserves	(ii)	(109,805)	(85,202)
TOTAL DEFICIT		(106,078)	(81,475)

Notes:

(i) Interests in subsidiaries

	2025 RMB'000	2024 RMB'000
Investment cost in subsidiaries	164,646	164,646
Amounts due to subsidiaries	(148,187)	(147,757)
	16,459	16,889

The amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Notes: *(continued)*

(ii) Movements in reserves

	Share premium RMB'000	Share option reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2024	1,586,920	118,187	(1,759,759)	(54,652)
Changes in equity:				
Total loss and comprehensive expense for the year	–	–	(44,563)	(44,563)
Shares issued upon subscription of new shares	14,013	–	–	14,013
Balance at 31 December 2024	1,600,933	118,187	(1,804,322)	(85,202)
Balance at 1 January 2025	1,600,933	118,187	(1,804,322)	(85,202)
Changes in equity:				
Total loss and comprehensive expense for the year	–	–	(24,603)	(24,603)
Shares issued upon subscription of new shares	–	–	–	–
Balance at 31 December 2025	1,600,933	118,187	(1,828,925)	(109,805)

Approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

John Yi Zhang
Director

Dai Ji
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries as at 31 December 2025 and 2024 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Class of shares held	Issued and fully paid share capital/ registered capital	Percentage of equity interest attributable to the Group				Principal activities
				Direct		Indirect		
				2025	2024	2025	2024	
Comtec Solar (Hong Kong) Limited	Hong Kong	Ordinary	USD43,500,000	-	-	100%	100%	Investment holding, provision of sourcing, invoicing and support services for group companies
Comtec Solar (Jiangsu) Co., Limited* 卡姆丹克太陽能(江蘇)有限公司	PRC	Contributed	USD66,500,020	-	-	100%	100%	Investment holding
Comtec (Asia) Limited	Hong Kong	Ordinary	HKD1,128,840	-	-	51%	51%	Investment holding
Kexin	PRC	Contributed	RMB55,555,556	-	-	53.1%	53.1%	Research and development, integration and sales of lithium battery management
Jiangsu Comtec Logistics Co., Limited* 江蘇卡姆丹克物流有限公司	PRC	Contributed	RMB10,000,000	-	-	100%	100%	Logistics services
Jiangyin Comtec Yuanshuo Solar Co., Limited* 江陰卡姆丹克元朔光伏有限公司	PRC	Contributed	RMB10,000,000	-	-	100%	100%	Investment and operation of the solar photovoltaic power stations
Haian Jianyuan Solar Technology Co., Limited* 海安建元光伏科技有限公司	PRC	Contributed	RMB10,000,000	-	-	100%	100%	Investment and operation of the solar photovoltaic power stations
Wuxi Shanzhi Solar Co., Limited* 無錫善致光伏有限公司	PRC	Contributed	RMB10,000,000	-	-	100%	100%	Investment and operation of the solar photovoltaic power stations
Changshu Comtec Solar Engineering Co., Limited* 常熟卡姆丹克光伏工程有限公司	PRC	Contributed	RMB10,000,000	-	-	100%	100%	Investment and operation of the solar photovoltaic power stations
Guangdong Comtec Solar Power Co., Limited* 廣東卡姆丹克太陽能電力有限責任公司	PRC	Contributed	RMB10,000,000	-	-	100%	100%	Investment and operation of the solar photovoltaic power stations
Fu Zhou Comtec Solar Electricity Limited* 福州卡姆丹克太陽能電力有限責任公司	PRC	Contributed	RMB10,000,000	-	-	100%	100%	Investment and operation of the solar photovoltaic power stations
Wuxi Xifeng Solar Co., Limited* 無錫熙豐光伏有限公司	PRC	Contributed	RMB10,000,000	-	-	100%	100%	Investment and operation of the solar photovoltaic power stations
Zhuhai Comtec Dirun Solar Technology Co., Limited* 珠海卡姆丹克地潤光伏科技有限公司	PRC	Contributed	RMB2,000,000	-	-	100%	100%	Investment and operation of the solar photovoltaic power stations
Shanghai Comtec Yongyuan Solar Co., Limited* 上海卡姆丹克永源光伏有限公司	PRC	Contributed	RMB2,000,000	-	-	100%	100%	Investment and operation of the solar photovoltaic power stations
Sichuan Sunmell Construction Engineering Co., Limited* 四川盛森建設工程有限公司	PRC	Contributed	RMB20,000,000	-	-	100%	100%	Development, construction, operation and consulting service to solar photovoltaic power stations
Yi Ye New Energy (Jiangsu) Co., Limited 一葉新能源(江蘇)有限公司	PRC	Contributed	USD30,000,000	-	-	100%	100%	Investment and development, construction, operation and consulting service to solar photovoltaic power stations
Tianjin Comtec Solar Crust Photovoltaic Technology Co., Ltd. 天津卡姆丹克地殼光伏科技有限公司	PRC	Contributed	RMB2,000,000	-	-	100%	100%	Investment and operation of the solar photovoltaic power stations

Note:

- (i) The nature of all the legal entities established in PRC is limited liability company.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

None of the subsidiaries has issued any debt securities outstanding at the end of both years or at any time during both years.

* *For identification purpose only*

As disclosed in Note 30, the share charge pursuant to which the company shall charge all the issued shares of Comtec Solar (Hong Kong) Limited and Future Energy Capital Group Limited held by the Company, to and for the benefit of the Convertible Bond holder.

Details of subsidiaries that have non-controlling interests that are material to the Group:

Name of subsidiaries	Place of incorporation	Proportion of ownership interest and voting rights held by non-controlling interest		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025	2024	2025	2024
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Kexin	PRC	46.9%	46.9%	(837)	(1,189)	(2,414)	(1,577)
Comtec (Asia) Limited	HK	48.95%	48.95%	(5)	1,170	(708)	(703)
Comtec Energy Storage Technology (Liaoning) Limited	PRC	49%	49%	485	527	2,466	1,981
Shanxi Yiye Energy Storage Technology Co., Limited	PRC	49%	49%	135	(2,572)	7,363	7,228

The summarised financial information in respect of each of the Group's subsidiary or group of subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

The following table lists out the information relating to Kexin, Comtec Energy Storage Technology (Liaoning) Limited and Comtec (Asia) Limited, the subsidiaries of the Group which have a material non-controlling interest (“NCI”). The summarised financial information presented below represents the amounts before any intercompany elimination.

2025

	Shanxi Yiye Energy Storage Technology Co., Limited RMB'000	Comtec Energy Storage Technology (Liaoning) Limited RMB'000	Kexin RMB'000	Comtec (Asia) Limited RMB'000
Current assets	10,746	10,236	9,428	59
Non-current assets	11,864	9,533	2,839	1
Current liabilities	(7,583)	(14,104)	(12,493)	(1,505)
Non-current liabilities	–	(633)	(1,410)	–
Net assets (liabilities)	15,027	5,032	(1,636)	(1,445)
Equity attributable to owners of the Company	7,664	2,566	778	(737)
Non-controlling interests	7,363	2,466	(2,414)	(708)
Revenue	–	–	3,806	–
Expenses	275	(16)	(5,591)	(10)
Profit (loss) for the year	275	(16)	(1,785)	(10)
Profit (loss) and total comprehensive income (expense) attributable to owners of the Company	140	504	(948)	(5)
Profit (loss) and total comprehensive income (expense) attributable to the non-controlling interests	135	485	(837)	(5)
Profit (loss) and total comprehensive income (expense) for the year	275	989	(1,785)	(10)
Net cash inflow (outflow) from operating activities	6,908	(1)	249	–
Net cash outflow from investing activities	(6,465)	–	–	–
Net cash inflow from financing activities	–	–	(133)	–

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For the year ended 31 December 2025

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

2024

	Shanxi Yiye Energy Storage Technology Co., Limited RMB'000	Comtec Energy Storage Technology (Liaoning) Limited RMB'000	Kexin RMB'000	Comtec (Asia) Limited RMB'000
Current assets	19,756	9,619	8,083	58
Non-current assets	400	8,428	5,740	1
Current liabilities	(5,404)	(14,004)	(11,710)	(1,494)
Non-current liabilities	–	–	(1,964)	–
Net assets (liabilities)	14,752	4,043	149	(1,435)
Equity attributable to owners of the Company	7,524	2,062	1,726	(732)
Non-controlling interests	7,228	1,981	(1,577)	(703)
Revenue	–	–	7,183	–
Expenses	(5,248)	921	(9,718)	2,391
Profit (loss) for the year	(5,248)	921	(2,535)	2,391
Profit (loss) and total comprehensive income (expense) attributable to owners of the Company	(2,676)	549	(1,346)	1,221
Profit (loss) and total comprehensive income (expense) attributable to the non-controlling interests	(2,572)	527	(1,189)	1,170
Profit (loss) and total comprehensive income (expense) for the year	(5,248)	1,076	(2,535)	2,391
Net cash inflow (outflow) from operating activities	(19,597)	251	(61)	–
Net cash inflow (outflow) from investing activities	(400)	250	(35)	–
Net cash inflow from financing activities	20,000	–	96	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners of the Company through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the reporting period.

The capital structure of the Group consists of interest-bearing borrowings as set out in note 25 and equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with the share capital and borrowings, balances the Group's overall capital structure through new share issues and raise of new borrowings.

40. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at FVTOCI	4,532	3,528
Financial assets at amortised cost (including cash and cash equivalents)	119,713	55,655
	124,245	59,183
Financial liabilities		
Financial liabilities at amortised cost	608,981	290,510

Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTOCI, trade receivables, deposits and other receivables, pledged bank deposits, cash and cash equivalents, trade payables, other payables and accruals, interest-bearing borrowings, considerable payable, loan from shareholders, lease liabilities and convertible bonds. Details of these financial instruments are disclosed in respective notes.

The risks associated with these financial instruments included market risk (currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented

Market risk

(a) Currency risk

The primary economic environment in which most of the principal subsidiaries of the Company operate is the PRC and their functional currency is RMB. However, these principal subsidiaries sometimes collect their trade receivables and settle their purchases of materials, machinery and equipment supplies and certain expenses in foreign currencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(continued)*

Market risk *(continued)*

(a) Currency risk *(continued)*

Details of the Group's deposits and other receivables, cash and cash equivalents, trade payables, other payables and accruals and interest-bearing borrowings that are denominated in foreign currencies, mainly in Hong Kong Dollars ("HKD") and United States Dollars ("USD") as at 31 December 2025 and 2024 are set out in respective notes.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

	2025	
	Exposure to foreign currencies	
	USD RMB'000	HKD RMB'000
Cash and cash equivalents	84	–
Trade payables	–	(1,416)
Other payables and accruals	(13,854)	(12,799)
Interest-bearing borrowings	(6,407)	–
Net exposure arising from recognised assets and liabilities	(20,177)	(14,215)
	2024	
	Exposure to foreign currencies	
	USD RMB'000	HKD RMB'000
Cash and cash equivalents	184	–
Trade payables	–	(1,416)
Other payables and accruals	(12,442)	(13,375)
Interest-bearing borrowings	(6,613)	–
Net exposure arising from recognised assets and liabilities	(18,871)	(14,791)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(continued)*

Market risk *(continued)*

(a) **Currency risk** *(continued)*

(ii) *Sensitivity analysis*

The following table indicates the instantaneous change in the Group's loss after tax (and accumulated losses) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2025		2024	
	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) loss after tax and accumulated losses RMB'000	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) loss after tax and accumulated losses RMB'000
USD	5%	(757)	5%	(708)
	(5)%	757	(5)%	708
HKD	5%	(533)	5%	(555)
	(5)%	533	(5)%	555

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis for 2023.

(b) **Interest rate risk**

The Group is exposed to fair value interest rate risk in relation to certain fixed-rate bank balances, loans from shareholders, bank loans, other borrowings and lease liabilities. The Group currently does not have any instruments to hedge against the fair value interest rate risk. The management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant, accordingly, no sensitivity analysis is provided. The Group currently does not have an interest rate hedging policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(continued)*

Market risk *(continued)*

(c) Equity price risk

The Group is exposed to equity price changes arising from unlisted equity investments held for non-trading and long term strategic purposes (see note 16).

At 31 December 2025, it is estimated that an increase/(decrease) of 1% (2024: 1%) in the fair value of unlisted investment, with all other variables held constant, would have increased/decreased the Group's loss after tax and accumulated losses by approximately RMB45,000 (2024: RMB35,000) as a result of the changes in fair value of financial assets at FVTOCI.

(d) Credit risk

As at 31 December 2025, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances based on credit risk grade or provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank balances and deposits is limited because majority of counterparties are banks with high credit-ratings and state-owned banks with good reputation.

The Group has concentration of credit risk as 68% (2024: 11%) and 68% (2024: 63%) of the total trade receivables was due from the Group's largest external customer and the top five largest external customers respectively as at 31 December 2025 and 31 December 2024. These customer have good repayment history and credit quality with reference to the track records according to internal assessment of the Group.

In order to minimise the credit risk, the directors of the Company continuously monitor the level of exposure by regularly review of the credit evaluation of the financial condition and credit quality of its customers and banks to ensure that prompt actions are taken to lower its exposure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(continued)*

Market risk *(continued)*

(d) Credit risk (continued)

Except for the debtors with significant balances or credit-impaired which are assessed individually, the Group performs impairment assessment on trade balances based on credit risk grade or provision matrix to calculate ECL for the trade receivables. The provision rates are based on internal credit risk assessment based on groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration of forward-looking information that is reasonable and supportable and available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	The counterparty frequently repays after due dates but usually settles after due date	Lifetime ECL – not credit-impaired	12-month ECL
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off	Amount is written-off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(continued)*

Market risk *(continued)*

(d) Credit risk *(continued)*

The following table provides information about the Group's exposure to credit risk of the Group's trade receivables which are not credit-impaired as at 31 December 2025 and 2024:

	Expected loss rate	2025 Gross carrying amount RMB'000	Loss allowance RMB'000
Not past due	16.90%	35,081	5,928
1-30 days past due	31.23%	35,183	10,989
31-60 days past due	60.90%	266	162
61-90 days past due	71.93%	57	41
91-180 days past due	99.30%	8,126	8,069
More than 180 days past due	100.00%	20,329	20,329
		99,042	45,518

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(continued)*

Market risk *(continued)*

(d) Credit risk *(continued)*

	Expected loss rate	2024 Gross carrying amount RMB'000	Loss allowance RMB'000
Not past due	4.24%	7,264	308
1-30 days past due	8.63%	2,214	191
31-60 days past due	19.65%	346	68
61-90 days past due	33.34%	642	214
91-180 days past due	57.25%	2,847	1,630
More than 180 days past due	88.40%	13,812	12,209
		27,125	14,620

The loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, management accounts and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(continued)*

Market risk *(continued)*

(d) Credit risk *(continued)*

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

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
Balance at 1 January 2025	14,620	–	14,620
Impairment losses recognised	10,569	20,329	30,898
Balance at 31 December 2025	25,189	20,329	45,518

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
Balance at 1 January 2024	15,232	–	15,232
Impairment losses reversed	(612)	–	(612)
Balance at 31 December 2024	14,620	–	14,620

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(continued)*

Market risk *(continued)*

(d) Credit risk *(continued)*

The Group measures the loss allowance for other receivables at an amount equal to 12-month ECL or lifetime ECL. The Group recognised ECL for other receivables based on the internal credit rating of receivables as follows:

At 31 December 2025	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Low risk	2.54%	63,540	1,614
At 31 December 2024	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Low risk	2.48%	34,936	866

The movement in the loss allowance for other receivables is set out below:

	2025 RMB'000	2024 RMB'000
At 1 January	866	1,028
Impairment losses reversed	748	(162)
At 31 December	1,614	866

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(continued)*

Market risk *(continued)*

(e) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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

	2025					Carrying amount at 31 December RMB'000
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Trade payables	285,112	-	-	-	285,112	285,112
Other payables and accruals	142,316	-	-	-	142,316	142,316
Interest-bearing borrowings	70,856	6,362	23,744	4,766	105,728	98,546
Loan from shareholders	68,647	-	-	-	68,647	68,647
Consideration payable	5,130	-	-	-	5,130	5,130
Convertible bonds	686	-	-	-	686	686
Lease liabilities	1,540	1,878	7,629	-	11,047	8,544
	574,287	8,240	31,373	4,766	618,666	608,981

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(continued)*

Market risk *(continued)*

(e) Liquidity risk *(continued)*

	2024					Carrying amount at 31 December RMB'000
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Trade payables	52,919	-	-	-	52,919	52,919
Other payables and accruals	110,775	-	-	-	110,775	110,775
Interest-bearing borrowings	22,795	6,071	21,848	14,561	65,275	56,016
Loan from shareholders	50,144	-	-	-	50,144	50,144
Consideration payable	5,130	-	-	-	5,130	5,130
Convertible bonds	4,152	-	-	-	4,152	4,152
Lease liabilities	2,759	2,038	9,867	-	14,664	11,374
	248,674	8,109	31,715	14,561	303,059	290,510

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

(f) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

	Fair value at	Fair value measurements as at		
	31 December	31 December 2025 categorised into		
	2025	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
<i>Assets:</i>				
Financial assets at FVTOCI				
– unlisted equity securities	4,532	–	–	4,532
<i>Liabilities:</i>				
Convertible bonds				
– derivative component	–	–	–	–

	Fair value at	Fair value measurements as at		
	31 December	31 December 2024 categorised into		
	2024	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
<i>Assets:</i>				
Financial assets at FVTOCI				
– unlisted equity securities	3,528	–	–	3,528
<i>Liabilities:</i>				
Convertible bonds				
– derivative component	–	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(continued)*

Market risk *(continued)*

(f) Fair value measurement *(continued)*

(i) Financial assets and liabilities measured at fair value *(continued)*

Fair value hierarchy *(continued)*

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Financial assets at FVTOCI – unlisted equity securities	Net asset value	N/A

The fair value of unlisted equity securities is determined using the net asset value.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2025 RMB'000	2024 RMB'000
Unlisted equity securities:		
At 1 January	3,528	2,873
Purchases	–	500
Net unrealised gains or losses recognised in other comprehensive income during the year	1,004	155
At 31 December	4,532	3,528

Any gain or loss arising from the remeasurement of the Group's unlisted equity securities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

The Group has not applied the following new and amended IFRS Accounting Standards that have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7, Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to IFRS 9, Financial instruments and IFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, Presentation and disclosure in financial statements	1 January 2027
IFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027
Amendments to IAS 21, Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date to be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and is still in the process of assessing the impact of the adoption.

PARTICULARS OF INVESTMENT PROPERTY

For the year ended 31 December 2025

Particulars of investment property held by the Group as at 31 December 2025 are as follows:

Name/location	Approximate gross floor area	Lease expiry	Type	Effective % held
The PRC				
No.12, Donghai Avenue (East), Chengdong Town, Haian City, Jiangsu, the PRC	17,392 square meter	2060	Non-resident	100%

FIVE YEARS SUMMARY

	2025	2024	2023	2022	2021
Results	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	221,234	163,164	144,645	37,140	54,829
Profit (loss) before interest expenses and taxation	(33,706)	(24,264)	51,858	(34,174)	(29,965)
Interest expense	(29,805)	(24,403)	(14,032)	(14,017)	(29,950)
Profit (loss) before taxation	(63,511)	(48,667)	37,826	(48,191)	(59,915)
Income tax (expense) credit	(759)	(1,856)	5,132	(2,498)	(1,337)
Profit (loss) and total comprehensive income (expense) for the year	(64,270)	(50,523)	42,958	(50,689)	(61,252)
Profit (loss) and total comprehensive income (expense) for the year attributable to					
Owners of the Company	(63,555)	(48,383)	44,456	(55,805)	(53,196)
Non-controlling interests	(715)	(2,140)	(1,498)	5,116	(8,056)
	(64,270)	(50,523)	42,958	(50,689)	(61,252)
Assets and liabilities	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	420,753	146,259	207,037	302,946	291,889
Total liabilities	(644,443)	(306,683)	(341,480)	(467,099)	(405,353)
Total deficit	(223,690)	(160,424)	(134,443)	(164,153)	(113,464)
Attributable to					
Owners of the Company	(230,397)	(167,353)	(133,636)	(163,436)	(107,631)
Non-controlling interests	6,707	6,929	(807)	(717)	(5,833)
	(223,690)	(160,424)	(134,443)	(164,153)	(113,464)

DEFINITIONS

In this report, unless the context otherwise requires, the following terms shall have the following meanings

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board” or “Board of Directors”	the board of Directors
“Company”	Comtec Solar Systems Group Limited
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of US\$10.0 million due 2021 with interest rate per annum of 10.0% issued by the Company to Putana Limited, a company incorporated under the laws of British Virgin Islands and an independent third party, and such issuance was completed and closed on 31 July 2018
“Corporate Governance Code”	Code on corporate governance practices contained in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Fonty”	Fonty Holdings Limited, a company incorporated under the laws of the British Virgin Islands
“Global Offering” or “IPO”	the listing of the Shares on the Stock Exchange on 30 October 2009
“Group”	the Company and its subsidiaries
“HK\$” and “HK cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Kexin”	Zhejiang Kexin Power System Design and Research Company Limited* (鎮江科信動力系統設計研究有限公司), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
“Listing Date”	30 October 2009, the date on which dealings in the Shares first commenced on the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model code for securities transactions by directors of listed issuers contained in Appendix C3 to the Listing Rules

DEFINITIONS

“Mr. Zhang” or “Mr. John Yi Zhang”	Mr. John Yi Zhang, an executive Director and the chairman of the Board
“MW”	megawatt, which equals 1,000,000 Watt
“NDRC”	the National Development and Reform Commission of the PRC
“Year”	the year ended 31 December 2025
“PRC” or “China”	the People’s Republic of China which, for the purpose of this report, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“PV”	Photovoltaic
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	Ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Share Consolidation”	the share consolidation of every four issued and unissued Unconsolidated Shares into one (1) Share
“Shareholder(s)”	Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Unconsolidated Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company prior to the Company’s share consolidation which took effect on 28 August 2019
“USD”	United States dollars, the lawful currency of the United States of America
“*”	For identification only
“%”	per cent