



雲能國際

YUNNAN ENERGY INTERNATIONAL

Yunnan Energy International Co. Limited

雲能國際股份有限公司*

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 1298)

(Singapore Stock Code: T43)

Annual Report 2025

** for identification purpose only*

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CHAIRPERSON'S STATEMENT

DEAR SHAREHOLDERS,

MACROECONOMIC ENVIRONMENT AND DEVELOPMENT PROSPECTS

In 2025, the global economy has continued its moderate recovery amid a complex and volatile environment. Major economies continued to adjust their policies to balance inflationary pressures with economic growth, and the global financial environment and trade landscape remained uncertain. Meanwhile, with deepening regional economic cooperation and gradual adjustments to the global supply chain system, emerging markets, particularly in Asia, continued to demonstrate strong resilience and provide a significant driving force for global economic growth.

Against this backdrop, the Group adhered to the principle of prudent operation, consolidating its existing business foundation while actively exploring new growth drivers. During the year, the Group continued to advance its distribution and supply chain businesses, and gradually deepened its strategic layout in the green energy sector, in order to promote the continuous optimization of its business structure and long-term sustainable development.

In terms of distribution business, the Group continued to deepen its presence in the Chinese medical equipment market, actively seizing market opportunities arising from the upgrading of medical equipment and healthcare services. Leveraging its established customer base and supplier network built over many years, the Group continued to expand its market in Southwest China and gradually participated in publicly tendered medical equipment projects, continuously enhancing its market competitiveness in the regional medical equipment distribution sector.

In terms of supply chain business, the Group continued to develop domestic and international supply chain businesses around key areas such as energy and new materials, and gradually improved its supply chain service system. By integrating resources, optimizing trade structure, and strengthening risk management, the Group was committed to enhancing the stability and profitability of its supply chain business, while actively expanding into the South Asian and Southeast Asian markets to further broaden its regional business network and market influence.

In the green energy sector, the Group was gradually advancing its international energy strategy. Leveraging the resource advantages of its controlling shareholder, Yunnan Energy Group, in the energy industry and overseas markets, the Group continued to focus on green energy development opportunities in Southeast Asia and actively promoted preliminary research and cooperation negotiations for related energy projects. By gradually accumulating project experience and expanding its cooperation network, the Group will strive to cultivate its energy business into a significant driver of future growth.

Looking ahead, the Group will continue to adhere to a prudent and steady development strategy, actively seize development opportunities brought about by regional economic cooperation and energy transition while consolidating existing businesses, continuously promote business structure optimization and international development, and create long-term and sustainable value for shareholders.

ACKNOWLEDGMENTS

On behalf of the Board, I would like to express my sincere gratitude to all shareholders and stakeholders for their continued support and trust, and also thank the management and employees for their contributions. The Group will continue to optimize our development strategy and strive to achieve the best interests for our shareholders.

Sincerely,

ZHU Yingxue

Chairperson

Hong Kong, 25 March 2026

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

ZHU Yingxue (Chairperson)
SONG Henan (Chief Executive Officer)
YANG Jie
WANG Jin

Independent Non-executive Directors

SHI Fazhen
LIU Zongliu
JING Pilin

AUDIT COMMITTEE

SHI Fazhen (Chairperson)
LIU Zongliu
JING Pilin

NOMINATION COMMITTEE

ZHU Yingxue (Chairperson)
SONG Henan
SHI Fazhen
LIU Zongliu
JING Pilin

REMUNERATION COMMITTEE

SHI Fazhen (Chairperson)
ZHU Yingxue
SONG Henan
LIU Zongliu
JING Pilin

COMPANY SECRETARY

NG King Hang

BERMUDA RESIDENT REPRESENTATIVE AND ASSISTANT SECRETARY

Ocorian Services (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10 Bermuda
Bermuda Company Registration
Number 34778

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2008, 20/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

SINGAPORE SHARE TRANSFER AGENT

Tricor Barbinder Share Registration Services
9 Raffles Place #26-01,
Republic Plaza Tower I,
Singapore 048619

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

ZHONGHUI ANDA CPA Limited
23/F, Tower 2, Enterprise Square Five,
38 Wang Chiu Road,
Kowloon Bay,
Kowloon, Hong Kong

COMPANY WEBSITE

www.yeigi.com

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2025 (“FY2025”), the principal activities of Yunnan Energy International Co. Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) are: (1) the provision of distribution and after-sales services in the PRC for different analytical instruments, including medical computed tomography equipment, magnetic resonance imaging systems, fully automated microbial mass spectrometers, digital choledochoscope, color ultrasound machines, radio frequency therapeutic devices, anesthesia machines, life monitors, life science and general laboratory instruments, with specialised and customised hardware and software, to provide solutions and facilitate scientific analysis and testing (the “Distribution Business”); and (2) the trading and supply chain business on commodities, diversified industrial and consumer products (the “Supply Chain Business”).

Distribution Business

The distribution business primarily operated by identifying the needs of the Group’s existing and potential customers (including product specifications, affordability levels, etc.), sourcing products from multiple suppliers, and supplying products to customers. The Group also provided after-sales services for the sold products, such as testing, training, and maintenance. The business model of the distribution business remained unchanged during the year.

The customers of the distribution business mainly consisted of various companies and institutions, including hospitals, universities, research institutes, industrial enterprises, and government agencies. During the year, all customers were either users or distributors in China.

The Group continued to leverage its extensive customer base in China and its vast sales network connected to its offices in Beijing, Shanghai, Southwest China, and Macau, and discussed product specifications and after-sales service with existing and potential clients. In FY2025, the Group continued to capitalize on the national policy of subsidizing the replacement of old equipment with new equipment in tertiary hospitals in Yunnan and Guizhou provinces. It established stable business relationships with numerous tertiary hospitals in Yunnan and Guizhou, as well as state-owned medical enterprises and reputable medical device distributors. The Group won bids and conducted multiple medical device procurement and distribution transactions, and signed sales contracts with independent third parties, including for color Doppler ultrasound diagnostic systems, immunoassay analyzers, rehabilitation equipment, X-ray systems, blood typing analyzers, surgical laboratory equipment, and fully automated microbial mass spectrometry detection systems. In FY2025, the Company’s distribution business achieved a breakthrough, directly participating in hospital public bidding procurement projects, with a total secured bid amount of approximately RMB10 million. In 2025, the total value of newly signed distribution sales contracts for the Company’s distribution business was RMB38 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Supply Chain Business

In FY2025, focusing on core product categories such as photovoltaics, coal, new materials, and agricultural products, a “demand forecasting-resource locking-flexible supply” mechanism has been established to ensure the energy needs of key power plants and industrial enterprises within the Yunnan province. This facilitated a breakthrough in new material products, the business has thereby expanded its revenue streams and increased potential profitability. The supply chain business primarily involves identifying the requirements of the Group’s existing and potential customers (including product specifications and affordability levels), after which the Group will procure products from multiple suppliers and supply them to customers.

The supply chain business’s customers mainly consist of state-owned companies and industrial companies, including manufacturers and processing enterprises engaged in coal, large international new materials, photovoltaic modules, and stainless steel, as well as enterprises engaged in panax notoginseng cultivation in Yunnan and large pharmaceutical companies.

Leveraging its extensive customer base built over 30 years of operating distribution businesses, the rich experience and network of its management and staff in the international supply chain sector, and the support of its controlling shareholder, Yunnan Energy Group, the Group identifies diverse potential clients for its supply chain business. Furthermore, the Group participates in tenders or invitations to bid from existing and potential clients in the government and non-governmental sectors, and publicly solicits tenders for the provision of supply chain services.

FINANCIAL REVIEW

Consolidated Statement of Profit or Loss and other Comprehensive Income

The key value for the Distribution Business lies in the provision of technical services to the Group’s customers, including design of system specifications, formulation of testing standard requirements against customers’ budgets, installation of equipment and relevant systems, on-site after-sale services, etc. In FY2025, for the Distribution Business, both the sales and after-sales activities are at roughly the same level as in 2024. The revenue from the Distribution Business in FY2025 decreased by 0.2% or HK\$0.1 million to HK\$52.0 million from HK\$52.1 million in FY2024.

Due to the decrease in demand for certain agricultural commodities including panax notoginseng and the Group’s tightened risk assessment measures, which resulted in a reduction in the business scale for certain commodities, including electrolytic copper, the Supply Chain Business’s financial performance deteriorated and its revenue in FY2025 decreased by HK\$183.9 million or 35.1% to HK\$340.6 million from HK\$524.5 million in FY2024.

In FY2025, the Group recorded a net loss, as compared to a net profit in FY2024, which was mainly due to (i) the decrease in the revenue and gross profit of the Supply Chain Business as explained above; (ii) the increase in selling and distribution expenses of the Supply Chain Business and (iii) the increase in income tax of the Supply Chain Business.

Revenue

Revenue in FY2025 decreased by HK\$183.9 million or 31.9% to HK\$392.7 million from HK\$576.6 million in FY2024, mainly attributable to the decrease in the revenue and gross profit of the Supply Chain Business mainly caused by the decrease in demand for certain agricultural commodities including panax notoginseng and the Group’s tightened risk assessment measures, which resulted in a reduction in the business scale for certain commodities, including electrolytic copper.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales

Cost of sales in FY2025 decreased by 32.7% to HK\$368.1 million from HK\$546.7 million in FY2024. The decrease was in line with the revenue decline.

Gross profit and gross profit margin

The gross profit in FY2025 decreased by 17.7% to HK\$24.6 million from HK\$29.9 million in FY2024. The gross profit margin in FY2025 was 6.3%, representing an increase of 1.1 percent points compared to 5.2% in FY2024.

The gross profit margin increased mainly due to the increased revenue contribution from the Supply Chain Business which has a higher gross profit margin in FY2025.

Other income and gains and losses, net

Other income and gains and losses, net in FY2025 was a net gain of HK\$1.8 million compared to the net loss of HK\$5.9 million in FY2024. The change was mainly due to the decrease in impairment losses on inventories and fair value losses from other receivables under factoring agreement, partly offset by the receipt of compensation income for breach of contract and the receipt of dividend income from its equity investment.

Selling and distribution expenses

Selling and distribution expenses in FY2025 increased by 88.1% to HK\$7.9 million from HK\$4.2 million in FY2024, mainly attributable to the increase in freight as a result of increased sales activities of coal in the PRC markets of the Supply Chain Business.

Administrative expenses

Administrative expenses in FY2025 decreased by 2.3% to HK\$12.7 million from HK\$13.0 million in FY2024, mainly due to the further decrease in legal and professional fee.

Reversal of impairment losses/(impairment losses) of financial assets, net

Reversal of impairment losses of financial assets, net in FY2025 was HK\$0.4 million due to the receipt of the outstanding balance of certain trade receivables that have been impaired in the prior years.

Finance costs

Finance costs in FY2025 increased by 16.1% to HK\$3.6 million from HK\$3.1 million in FY2024, mainly due to a higher average loan interest rate applicable to the Group's borrowings in FY2025.

(Loss)/profit for the year

In view of the above, the Group's net loss for FY2025 was HK\$0.9 million, as compared to a net gain of HK\$0.5 million in FY2024.

Consolidated Statement of Financial Position

Inventories

Inventories decreased by HK\$31.7 million from HK\$72.4 million as at 31 December 2024 to HK\$40.7 million as at 31 December 2025, mainly due to the decrease in inventories of panax notoginseng resulting from the contracted coverages under the Supply Chain Business. The Group maintains a certain level of inventories to support its customers needs in both Distribution Business and Supply Chain Business.

Trade receivables

Trade receivables increased by HK\$64.0 million from HK\$141.7 million as at 31 December 2024 to HK\$205.7 million as at 31 December 2025, mainly due to the increase in trade receivables of the Supply Chain Business which are less than 365 days as a result of certain supply chain businesses having longer trade receivable turnover periods.

Trade payables

Trade payables increased by HK\$48.6 million from HK\$55.5 million as at 31 December 2024 to HK\$104.1 million as at 31 December 2025, mainly due to the increase in trade payables of the Supply Chain Business which are less than 60 days as a result of the increase in procurement of Supply Chain Business.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Company adopted an investment strategy with the aim of enhancing long-term capital growth for the significant investment of green energy projects in Yunnan Province, the PRC. Looking ahead, the prospects of 6.67% equity interest of YEIG Dayao Green Energy Generation Co., Ltd (“**Dayao Green Energy**”) may be subject to various factors, including the overall industry market conditions and changes to the regulatory environment.

Review of performance for the year ended 31 December 2025

During the year ended 31 December 2025, the Group made an additional investment at the cost of RMB10,483,300 (equivalent to HK\$11,352,000) in Dayao Green Energy, with an aggregated investment cost of HK\$52,229,000. Dayao Green Energy has commenced operations on its new 300MW/600MWh energy storage project. The project’s revenue streams primarily consist of capacity leasing services and electricity sales from energy storage. During the year ended 31 December 2025, the revenue and net profit of Dayao Green Energy were RMB218,013,000 and RMB57,798,000, respectively. In respect of such investment in Dayao Green Energy, an unrealised fair value gain of HK\$2,161,000) was recognised during the year ended 31 December 2025. As at 31 December 2025, the fair value of the investment in Dayao Green Energy was HK\$54,390,000, accounting for 12.1% of the Group’s total assets. RMB659,000 (equivalent to HK\$715,000) of dividend was declared from Dayao Green Energy during the year ended 31 December 2025 (2024: Nil) and subsequently received by the Group.

Save for those disclosed in this report, there were no significant investments held by the Group as at 31 December 2025, nor were there other material acquisitions and disposals of subsidiaries, associates and joint ventures by the Group during the year ended 31 December 2025. Apart from those disclosed in this report, there was no other plan authorised by the Board for other material investments or additions of capital assets at the date of this report.

PLEDGE OF ASSETS

The Group did not have any charges on its assets as at 31 December 2025.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Group did not have any material contingent liabilities or capital commitment as at 31 December 2025.

EXPOSURE TO FLUCTUATIONS ON EXCHANGE RATES

The Group’s transactions are mainly denominated in United States dollars, Hong Kong dollars and Renminbi. Therefore, the Group is exposed to foreign currency exchange risk. The Group has not implemented any foreign currency hedging policy at the moment. However, continuous monitoring on the foreign exchange exposure is carried out by the management and the management will consider hedging against significant foreign exchange exposure should the need arise.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2025, the Group’s net current assets amounted to HK\$125.7 million (2024: HK\$123.1 million), of which the bank balances and cash were HK\$57.6 million (2024: HK\$66.1 million), which were entirely denominated in United States dollars, Hong Kong dollars and Renminbi. The Group’s current ratio was 1.5 (2024: 1.5).

Bank borrowings, loans from the immediate holding company and a fellow subsidiary as at 31 December 2025 were HK\$72.0 million, HK\$11.8 million and HK\$60.3 million respectively (2024: Loan from a fellow subsidiary of HK\$153.8 million), all of which were denominated in Renminbi. As at 31 December 2025, the Group’s borrowings were HK\$144.1 million, with fixed interest rate ranging from 2.76% to 3.29% per annum, among which, HK\$132.3 million of borrowings are repayable within one year or on demand. The Group’s gearing ratio stood at 85.6% as at 31 December 2025 (2024: 93.7%), which is calculated based on the Group’s total interest-bearing debts over the total equity. The Group adopts centralised financing and treasury policies in order to ensure that group financing is managed efficiently. The Group also regularly monitors its liquidity requirements, its compliance with lending covenants and its relationship with bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short term and long term.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT

The Group will continue to focus on both its distribution and supply chain businesses to expand its business scale and customer base, thereby increasing revenue and profit contributions from these businesses and generating returns for shareholders. To this end, the Group has formulated detailed business plans for the upcoming financial year, as detailed below:

Distribution Business

In addition to its existing customer base in China, the Group plans to leverage the mature resources and extensive marketing network/business relationships of Yunnan Energy Group to expand its distribution business across China, particularly in Southwest China. The following is a summary of the key business plans:

- Expand external customer channels through multiple channels, striving to increase new sales contracts signed in 2026 compared to the same period last year. In the early stages of its medical-related business, the Group has accumulated relationships with several well-known brands, both internationally and domestically renowned. Furthermore, the Group possesses reputable and qualified suppliers and distributors within Yunnan Province. In 2026, after assessing payment risks, the Group will actively participate in public bidding projects for medical equipment in high-quality large-scale tertiary hospitals in the three southwestern provinces, continuously expanding new project cooperation opportunities through direct hospital trade, thereby improving the sales performance and profitability of its distribution business.
- Conduct regular assessments of customer and supplier performance risks, monitor contract acceptance and payment progress, prevent contract default risks, and reduce capital occupation. Strengthen the management of “two funds” (accounts receivable and inventory), assign specific collection personnel to overdue accounts, and adopt a tiered collection strategy (telephone reminders, letters, legal means, etc.).

- The Group is actively expanding its potential customer base in Southwest China, providing a wide range of products and services based on customers’ procurement plans to meet the needs of potential customers in different industries and to expand its distribution and trade markets in multiple ways.

Supply Chain Business

The Group regularly reviews its operations and adjusts its sales strategies to explore new potential projects, increase revenue streams, and improve profitability. Therefore, the Group has been actively developing its supply chain business in both domestic and international markets. Leveraging the extensive experience of its management team (particularly in international trade and energy projects) and its business network, the Company is committed to capturing potential opportunities in the supply chain business. The following is a summary of the main business plans:

- In 2026, the Company’s trading business will prioritize “quality and quantity”— strengthening collaboration, stabilizing scale, controlling risks, and increasing profitability. Driven by coal, new materials, and energy project procurement as our core engines, we aim to optimize our profit structure and achieve long-term corporate goals while strictly adhering to risk management bottom lines. We will strive to secure long-term supply agreements with strategic partners for coal and new material products to realize sustained, high-volume trade. In international trade, the new materials business has already quoted prices to customers in multiple countries and regions worldwide, and has successfully completed trial exports to India, Belgium, South Korea, United Kingdom, and Brazil, aiming to expand to more countries. Simultaneously, the Company will actively collaborate with 12 overseas business representative offices in Yunnan Province, deeply cultivating the “Belt and Road” initiative and clearing bottlenecks in the cross-border energy supply chain. Capitalizing on Regional Comprehensive Economic Partnership opportunities, the Company will establish nodes in Southeast Asian countries such as Laos, Vietnam, and Singapore, building a complete chain channel of “domestic centralized procurement – cross-border transportation – overseas distribution.”

MANAGEMENT DISCUSSION AND ANALYSIS

- As set out in the circular (“**Circular**”) of the Company dated 12 February 2026, the Company entered into a master purchase agreement dated 14 January 2026 with Yunnan Energy Green New Materials Co., Ltd* (雲南能投綠色新材有限責任公司) to purchase silicon materials (organic silicon/industrial silicon) from Yunnan Energy New Materials Group (as defined in the Circular). Such arrangement allows the Group to expand its sourcing channels for silicon materials, giving the Group access to a stable and reliable supply of silicon materials, thereby mitigating the risks associated with market volatility and supply disruptions. For further details, please refer to the Circular.

The Group’s supply chain business is currently managed by an experienced 11-person management team, led by Mr. Ma Can, a graduate of Yunnan University with a Master of Business Administration degree. He is qualified as a customs broker and customs inspector. He has worked for several years in foreign trade and economic cooperation enterprises in Southeast Asian countries such as Cambodia and Laos, as well as Yunnan Province. He possesses over 20 years of extensive international and trade experience and overseas work background, specializing in the import and export trade of coke, coal, machinery and equipment, fertilizers, pesticides, and pharmaceuticals. Other management team members have an average of 7 years of experience in the international supply chain industry, forming a composite team with complementary expertise and a strong work ethic, bringing together key personnel in international trade, supply chain management, financing, and risk control. Leveraging Yunnan Energy Group’s business network in overseas markets, the Group plans to establish a team to further develop its international supply chain business, including but not limited to medical devices and energy. Under Mr. Ma’s management, the Group has assembled an experienced management team with efficient customs clearance advantages and a broad range of trade categories, winning new bidding projects and accelerating the promotion of potential coal, panax notoginseng, rubber, photovoltaic modules, and other trade businesses. The Group will continue to expand its business team over the next 12 months to keep pace with growing business activities and market demand.

International Energy Project Investment

While consolidating its existing distribution and supply chain businesses, the Group continues to advance its strategic layout in energy investment, focusing on development opportunities in the green energy sector and actively exploring investment opportunities in energy projects within Yunnan Province and overseas, in order to gradually enhance the strategic position of the energy business in the Group’s business structure.

In recent years, the global energy structure has accelerated its transition to green and low-carbon energy, leading to a sustained increase in demand for clean energy in Southeast Asia. Leveraging the resource advantages of its controlling shareholder, Yunnan Energy Group, in the energy sector, and its long-established cooperative network in Southwest China and Southeast Asia, the Group is actively advancing preliminary research and negotiations for relevant energy projects. In 2024, the Group invested in the Dayao Green Energy Project in Yunnan Province, accumulating valuable experience in project investment and operation management. Based on this experience, in 2025, the Group continued to deepen its research and project pipeline work in the Southeast Asian energy market, focusing on development opportunities in new energy projects in countries such as Laos, and maintaining communication with local government departments and potential partners to actively advance project feasibility studies and related preliminary preparations.

At the same time, the Group is also actively exploring the synergies between supply chain business and energy project development to gradually participate in the regional energy infrastructure-related industrial chain, so as to further enhance the Group’s participation in the regional energy industrial chain.

Looking ahead, the Group will continue to leverage Yunnan Energy Group’s overseas network resources, energy industry experience, and brand advantages to steadily advance the research and development of green energy projects in Southeast Asia, based on a prudent assessment of investment risks and market conditions. Through continuous accumulation of project experience, expansion of cooperation networks, and optimization of resource allocation, the Group is committed to promoting the steady development of its energy business and creating long-term and sustainable value for its shareholders.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2025, there were 22 (2024: 25) employees in the Group. The total staff cost of the Group amounted to approximately HK\$6.0 million for FY2025. Staff remuneration packages are determined after considering the market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

BOARD OF DIRECTORS

BOARD OF DIRECTORS

Executive Directors

MS. ZHU YINGXUE (祝映雪) (“Ms. Zhu”), aged 36, has been appointed as an executive Director on 3 August 2023. She is also the chairperson of the Board, the member of the Remuneration Committee and the chairperson of the Nomination Committee. Ms. Zhu joined Yunnan Energy Investment (HK) Co. Limited and served successively as its secretary of the general office of the board of directors in April 2015, deputy director of the general office of the board of directors in September 2017, deputy director of the party working committee and human resources department in May 2018, director of the general office of the board of directors in June 2020, manager of the operation and management department in July 2021, and deputy general manager in March 2023. Ms. Zhu also worked as a member of the management of Yunnan Energy Investment Foreign Energy Development Company Limited* (雲南能投對外能源開發有限公司) from August 2015 to August 2018. Ms. Zhu obtained a Master degree in Intercultural Studies at The Chinese University of Hong Kong in November 2013.

MR. SONG HENAN (宋赫男) (“Mr. Song”), aged 34, has been appointed as an executive Director on July 28, 2021. He is also the chief executive officer, a member of the Remuneration Committee and the Nomination Committee of the Company. Mr. Song joined YEI Group in August 2017 and previously served as Senior Investment Manager of the Financial Investment Department and Deputy Director of the Capital Management Department (Financial Investment Department) of Yunnan Energy Investment (HK) Co. Limited. He was appointed as the “Convenor” for the Hong Kong region in March 2025, responsible for coordinating the Company’s Hong Kong affairs. From May 2019, Mr. Song was appointed as the Director of the Business Development Department, the Director of the Investment Planning and Operations Department, and the Vice President of Yunnan Energy International Co., Ltd. Mr. Song was appointed as a Director and Deputy General Manager of (YEIG Dayao Green Energy Generation Co., Ltd. in May 2025. Mr. Song obtained a Bachelor degree in Economics in University of Cambridge in June 2015, and a Master degree in Finance in City University of Hong Kong in June 2017.

MR. YANG JIE (楊傑) (“Mr. Yang”), aged 50, has been appointed as an executive Director on 3 August 2023. Mr. Yang has been appointed as the chief financial officer of the Company on 24 May 2022. Mr. Yang has been working in various entities of YEI Group since 2012, including YEIG International Engineering Co., Ltd* (雲南能投國際工程有限公司), Yunneng International Laos Investment Co., Ltd. (雲能國際老撾投資有限公司) and Laos Jixiang Cement Co., Ltd.* (老撾吉象水泥有限公司). He graduated from Yunnan University in 2005, majoring in business administration. Mr. Yang has been qualified as a Certified Tax Accountant in the PRC and an International Certified Internal Auditor in 2011 and a senior accountant (高級會計師) in the PRC in 2013. Mr. Yang is currently the chief financial officer of Yunnan Energy International Co. Limited.

Mr. WANG JIN (王金) (“Mr. Wang Jin”), aged 40, has been appointed as an executive Director on 3 August 2023. Mr. Wang Jin worked as a member of the management of Yunnan Electric Power Investment Co., Ltd.* (雲南省電力投資有限公司) from February 2013 to January 2016, a member of the management of Yunnan Energy Financial Services Co., Ltd.* (雲南能源金融服務有限公司) from September 2013 to August 2016, a member of the management of Shenzhen Yunneng Fund Management Co., Ltd.* (深圳雲能基金管理有限公司) from March 2017 to March 2020, a general employee of Yunnan Yunneng Asset Management Co., Ltd.* (雲南雲能資產管理有限公司) from August 2019 to January 2020 and a member of the management of Yunnan Energy Investment Foreign Energy Development Company Limited* (雲南能投對外能源開發有限公司) from January 2020 to January 2023. He also joined Yunnan Energy Investment (HK) Co. Limited and served successively as its deputy general manager of financial investment department in April 2020 and director in November 2021. Mr. Wang Jin obtained a Bachelor degree in World History at Yunnan University in July 2008 and a Master degree in Accounting and Finance at The University of Adelaide in July 2012.

BOARD OF DIRECTORS

Independent non-executive Directors

MR. SHI FAZHEN (施法振) (“Mr. Shi”), aged 62, has been appointed as an independent non-executive Director on 30 November 2018. He is also the chairperson of each of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee. He has over 17 years of experience in the field of audit and accounting. Since 2016, he has acted as the president at Shenzhen Zhonglun Accountants Firm (General Partnership)* (深圳中倫會計師事務所(普通合夥)). From 2014 to 2016, he served as the vice president at Shenzhen Chengxin Accountants Firm (Special General Partnership)* (深圳誠信會計師事務所(特殊普通合夥)). From 2001 to 2014, Mr. Shi held various positions at Shenzhen Mahong Accountants Firm* (深圳馬洪會計師事務所) and Shenzhen Licheng Accountants Firm* (深圳力誠會計師事務所). Prior to that, he has worked at Hubei Xiangfan Huipu Industrial Co., Ltd.* (湖北省襄樊市惠普實業有限公司) for over 17 years. Mr. Shi graduated from Zhongnan University of Finance and Economic in December 1990, majoring in industrial economic management. In 2001, he obtained his qualification as a certified public accountant in the People’s Republic of China (“PRC”). In 2007, he obtained the qualification as an intermediate economist. Mr. Shi takes an active role in community services and currently serves as the supervisor and vice president at the Shenzhen Transparent and Harmonious Community Promotion Centre* (深圳市透明和諧社區促進中心). He is also a supervisor of the 1st Owner Committee of the Science and Technology Park (Zone 48) of Nanshan District, Shenzhen, PRC.

MR. LIU ZONGLIU (劉宗柳) (“Mr. Liu”), aged 71, has been appointed as an independent non-executive Director on 29 November 2019. He received a Bachelor degree in Financial Accounting from Jiangxi University of Finance and Economics in 1983, a Master degree in Accounting from Xiamen University in 1991 and a Ph.D. degree in accounting from Xiamen University in 1997. Mr. Liu is a senior accountant in the PRC and has served as the president of Xiamen Zhongzhi Accounting Association (廈門市中直會計學會) from March 2002 to March 2017. In 2017, he was elected as the president of Xiamen Accounting Association (廈門市會計學會). Mr. Liu was a visiting professor of Jimei University and he currently serves as the dissertation supervisor for the Master of Professional Accounting (MPAcc) Programme in Xiamen University. For the period from July 2004 to October 2007, Mr. Liu served as the chairperson of the board of directors of Xiamen Wufu Printing Co., Ltd. (廈門五福印務有限公司) and from 2005 to 2007, Mr. Liu was also the chairperson of the board of directors of Xiamen Xinye Group Co., Ltd. (廈門鑫葉集團有限公司). Mr. Liu has served as an independent non-executive director of various companies which are listed in the PRC. From August 2011 to November 2017, he worked as independent non-executive director of Xiamen XGMA Machinery Co., Ltd. (廈門廈工機械股份有限公司) (Stock Code: 600815), a company listed on Shanghai Stock Exchange. Since December 2016, he has been working as independent non-executive director of Shantou Wanshun Packaging Materials Co., Ltd. (汕頭萬順新材集團股份有限公司) (Stock Code: 300057), a company listed on Shenzhen Stock Exchange. Since February 2015, he has been working as an independent non-executive director of Chengtun Mining Group Co., Ltd. (盛屯礦業集團股份有限公司) (Stock Code: 600711), a company listed on Shanghai Stock Exchange. Since December 2017, he has been working as an independent non-executive director of Clenergy (Xiamen) Technology Pty., Ltd. (清源科技(廈門)股份有限公司) (Stock Code: 603628), a company listed on Shanghai Stock Exchange.

BOARD OF DIRECTORS

MS. JING PILIN (景丕林) (“**Ms. Jing**”), aged 75, has been appointed as an independent non-executive Director on 30 November 2018. She is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. She was accredited as a senior economist by China Construction Bank Corporation in December 1993. She is currently a part-time professor as well as a tutor for the post-graduate programs at the Zhongnan University of Economics and Law. Ms. Jing has over 35 years of experience in the field of investment and finance. From June 2005 to December 2013, she served as the general manager of China Investment Consultancy Company* (中國投資諮詢公司), she was also the general manager of the investment banking division and agency division at China Jianyi Investment Limited as well as an independent director of UBS Securities Co., Limited. From 1995 to 2004, she held various leading positions at the head office of the Construction Bank, primarily responsible for the investment management of large and medium-sized projects. She was also in charge of the reorganisation of Huaxia Securities and Beijing Securities at China Jianyi Investment Limited. Ms. Jing obtained her bachelor’s degree in infrastructure-economics from the Hubei University of Economics (now known as Zhongnan University of Economics and Law) in 1983. In 2005, she won the National Financial System Labor Day Medal.

SENIOR MANAGEMENT

MR. NG KING HANG (吳勁衛) (“Mr. Ng”), aged 43, is company secretary of the Group. He is currently responsible for the overall financial management and company secretaries matters of the Group. He is a registered member of the Hong Kong Institute of Certified Public Accountants. Mr. Ng obtained a master’s degree in accountancy from The Hong Kong Polytechnic University in 2013 and a bachelor’s degree in business administration (honours) (major in accounting) from The Open University of Hong Kong in 2007. Mr. Ng is currently the company secretary of Yunnan Energy Investment (HK) Co. Limited. He was the financial controller and company secretary of Mega logic Technology Holdings Limited (Stock Code: 8242) from June 2015 to June 2018 and from April 2016 to September 2017, respectively. He served as an assistant manager of HLM CPA Limited from July 2010 to July 2015.

CHANGES IN INFORMATION OF THE DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, there was no change in the information on Directors required to be disclosed.

CORPORATE GOVERNANCE REPORT

Introduction

The Board is committed to maintaining high standards of corporate governance to advance its mission to create value for the Company's shareholders. This report sets out the corporate governance practices that are in place during the year ended 31 December 2025 (the "Year"). With reference to the principles and guidelines of the Corporate Governance Code (the "Hong Kong Code") contained in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "SEHK"), as well as any deviation from the code provisions of the Hong Kong Code together with an explanation for such deviation. Save as disclosed in the relevant paragraphs of this Corporate Governance Report, the Company had complied with the code provisions of the Hong Kong Code during the year ended 31 December 2025.

Board Matters

Role and Responsibilities of the Board

The Board effectively leads the Company, working together with the Company's senior management (the "Management") to achieve success for the Company and its subsidiaries (collectively, the "Group"). Management remains accountable to the Board.

In addition to its statutory duties, the Board's principal functions are to:

- (a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- (b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- (c) review management performance;
- (d) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- (e) set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- (f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Board approval is required for transactions or matters such as major investments, corporate restructuring, mergers and acquisitions, material acquisitions or disposal of assets, the release of the Group's financial results announcements, connected person transactions of a material nature and declaration of dividends.

Board Composition

As at the date of this report, the Board has seven Directors, comprising five executive Directors and three independent non-executive Directors.

Executive Directors

Ms. Zhu Yingxue (Chairperson)
Mr. Song Henan (Chief Executive Officer)
Mr. Yang Jie
Mr. Wang Jin

Independent non-executive Directors

Mr. Shi Fazhen
Mr. Liu Zongliu
Ms. Jing Pilin

The executive Directors and independent non-executive Directors have been appointed for a term of three years and one year respectively, subject to retirement by rotation at annual general meeting and being eligible, to offer themselves for re-election.

In compliance with bye-law 104 of the Bye-laws of the Company, Mr. Yang Jie, Mr. Shi Fazhen and Ms. Jing Pilin will retire at the forthcoming annual general meeting of the Company. Mr. Yang Jie, Mr. Shi Fazhen and Ms. Jing Pilin, being eligible, offer themselves for re-election at the annual general meeting. On 25 March 2026, the Board, with the recommendation of the Nomination Committee, proposed that Mr. Yang Jie, Mr. Shi Fazhen and Ms. Jing Pilin stand for re-election at the forthcoming annual general meeting.

Information about the Board Diversity Policy and the review of the Board composition, nomination of retiring Directors as well as the independence assessment during the year ended 31 December 2025 is set out in the below section headed "Nomination Committee" of this Corporate Governance Report.

The criteria for independence is based on the factors set out in the Listing Rules. The Board considers an independent Director as one who, inter alia, has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to ensuring the best interests of the Company. The nomination committee of the Board (the "NC") reviews the independence of each Director annually and applies the Listing Rules' criteria on who qualifies as an independent non-executive Director in its review. Notwithstanding the tenure of service, the Board considers that Mr. Shi Fazhen, Mr. Liu Zongliu and Ms. Jing Pilin continue to be independent as set out in Rule 3.13 of the Listing Rules as each of them has continued to demonstrate independent judgment in the discharge of his/her responsibilities as a Director, and they are not connected with any of other Directors, the chief executive or substantial shareholder of the Company.

The composition of the Board complies with the requirements in the Listing Rules that at least three Directors be independent and non-executive (representing at least one-third of the Board) and that at least one of whom must possess appropriate professional qualifications in accounting or related financial management expertise. Furthermore, the Company has received from each of its independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the independent non-executive Directors to be independent as at the date of this annual report.

CORPORATE GOVERNANCE REPORT

The NC is of the view that the current board size and composition is appropriate, taking into account the nature and scope of the business and operations of the Group. Biographical details of the Directors are set out on pages 10 to 12 of this annual report. Save as disclosed in this annual report, and to the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among members of the Board.

Particulars of interests of Directors who held office at the end of the year in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Report of the Directors on pages 32 to 39 of this Annual Report.

The Board has formed three committees namely, Audit Committee (the “AC”), Remuneration Committee (the “RC”) and the NC and has delegated different responsibilities to these committees as set out in their respective terms of reference published on the websites of SEHK, The Singapore Exchange Securities Trading Limited (the “SGX-ST”) and the Company, to facilitate the discharge of its responsibilities efficiently and effectively.

The Board and sub-committees of the Board (namely, the AC, the RC and the NC, collectively, the “**Board Committees**”) meet regularly during the Year. Ad hoc meetings and/or discussions (including via teleconferencing) are convened when circumstances require. The Company’s bye-laws (the “**Bye-Laws**”) provide for participation at meetings via telephone and other electronic means. Details of the Directors’ attendance at meetings of the Board and Board committees and general meeting(s) in the Year are disclosed as follows:

	Number of Meetings Attended/Eligible to attend for the year ended 31 December 2025				Annual General Meeting
	Board meeting(s)	AC meeting(s)	NC meeting(s)	RC meeting(s)	
<i>Executive Directors</i>					
Mr. Hu Xiangwei ⁽¹⁾	7/7	N/A	1/1	1/1	1/1
Ms. Zhu Yingxue	17/17	N/A	1/1	1/1	1/1
Mr. Song Henan	17/17	N/A	N/A	N/A	1/1
Mr. Yang Jie	17/17	N/A	N/A	N/A	1/1
Mr. Wang Jin	17/17	N/A	N/A	N/A	1/1
<i>Independent non-executive Directors</i>					
Mr. Shi Fazhen	17/17	2/2	1/1	1/1	1/1
Ms. Jing Pilin	17/17	2/2	1/1	1/1	1/1
Mr. Liu Zongliu	17/17	2/2	1/1	1/1	1/1

Note:

(1) Retired on 6 June 2025.

CORPORATE GOVERNANCE REPORT

Pursuant to code provision C.2.7 of the Hong Kong Code, the chairperson should at least annually hold meetings with the independent non-executive Directors without the presence of the executive Directors. During the year, the Chairperson held a meeting with the independent non-executive Directors without the presence of the executive Directors. The independent non-executive Directors may call for meetings from time to time and provide feedback to the Chairperson to express their views. The Company is of the view that there is efficient communication between the Chairperson and the independent non-executive Directors.

Induction and Continuing Development of Directors

Newly appointed Directors will be briefed on the history and business operations and corporate governance practices of the Group.

As part of the programme to enable Directors to be familiar with the Group's operations and activities, the Group would arrange for Directors to visit key sites of operations from time to time, and ongoing training helps Directors keep abreast of their responsibilities as a Director of the Company and of the business activities and development of the Group.

Directors are expected to participate in appropriate continuous professional development to update and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. During the Year, the Company's legal advisers conducted internally facilitated briefings for the Directors and related reading materials on relevant topics were issued to Directors. The Company Secretary had also provided annual updates and briefing notes to all Directors on the Bye-laws and regulations. All Directors are also encouraged to attend relevant training courses at the Company's expense.

CORPORATE GOVERNANCE REPORT

The Company confirms that all directors have participated in continuous professional development as required by rules 3.09F, 3.09G and 3.09H of the Listing Rules. According to the training records provided by the Directors, the training received by each of the Directors during the Year is summarized as follows:

Name of Directors	Attending briefing conducted by legal advisers and Company Secretary on regulations, corporate governance and update on Listing Rules	Attending seminars/workshops regarding financial, management, business skills and/or director's duties and responsibilities	Reading newspapers, journals and other relevant materials relating to the economy, environmental protection, director's profession, etc.	Total training hours
<i>Executive Directors</i>				
Mr. Hu Xiangwei ⁽¹⁾	1 hour External training	0.5 hour Internal training	0.5 hour Self-study	2 hours
Ms. Zhu Yingxue	1 hour External training	0.5 hour Internal training	0.5 hour Self-study	2 hours
Mr. Song Henan	1 hour External training	0.5 hour Internal training	0.5 hour Self-study	2 hours
Mr. Yang Jie	1 hour External training	0.5 hour Internal training	0.5 hour Self-study	2 hours
Mr. Wang Jin	1 hour External training	0.5 hour Internal training	0.5 hour Self-study	2 hours
<i>Independent non-executive Directors</i>				
Mr. Shi Fazhen	1 hour External training	0.5 hour Internal training	0.5 hour Self-study	2 hours
Ms. Jing Pilin	1 hour External training	0.5 hour Internal training	0.5 hour Self-study	2 hours
Mr. Liu Zongliu	1 hour External training	0.5 hour Internal training	0.5 hour Self-study	2 hours

Note:

(1) Retired on 6 June 2025.

Practices and Conduct of Meetings

Notice of regular Board meetings are served to all Directors at least 14 days before the meetings to give them an opportunity to attend. For other Board meetings, reasonable notice has been given to all Directors.

The Directors will receive details of agenda and minutes of Board/Board Committees' meetings in advance of and after each Board/Committees' meeting respectively.

The Board is provided with complete, adequate and timely information of the Group's performance and is informed of all material events and transactions as and when they occurred. The Directors have separate and independent access to the Company's senior management and the Company Secretary at all times. The management updates the Board on the Group's performance and outlook at each Board meeting. The Directors, in consultation with the Chairperson, have the right to seek, either individually or as a group, in the furtherance of their duties, independent professional advice, if necessary, at the Company's expense.

CORPORATE GOVERNANCE REPORT

Mr. Ng King Hang, the Company Secretary, attends all Board meetings and is responsible for ensuring that Board procedures are followed. Mr. Ng, together with the management, is also responsible for ensuring the Group's compliance with the Bermuda Companies Act and all other rules and regulations that are applicable to the Group.

Moreover, the Company Secretary prepares minutes of the Board meetings and keeps records of matters discussed and decisions resolved at all Board meetings. The Company Secretary also keeps the minutes of the Board meetings, which are open for inspection at any reasonable time on reasonable notice by any Director.

If a substantial Shareholder or Director has a conflict of interest in a matter to be discussed by the Board which the Board considers material, such matter shall be considered at a Board meeting instead of resolved by written resolutions. Independent non-executive Directors who and whose close associates have no material interest in the matter should be present at such a Board meeting.

Pursuant to code provision A.2.7 of the Hong Kong Code, the Chairperson should at least annually hold meetings with the independent non-executive Directors without the presence of the executive Directors. During the year, the Chairperson held a meeting with the independent non-executive Directors without the presence of the executive Directors. The independent non-executive Directors may call for meetings from time to time and provide feedback to the Chairperson to express their views. The Company is of the view that there is efficient communication between the Chairperson and the independent non-executive Directors.

Nomination Committee

The NC was established by the Board on 28 May 2004. Its written terms of reference are in accordance with code provision B.3.1 of the Hong Kong Code. As at the date of this annual report, the NC comprises two executive Directors and three independent non-executive Directors.

Chairman: Ms. Zhu Yingxue (executive Director)

Members: Mr. Song Henan (executive Director)
Mr. Shi Fazhen (independent non-executive Director)
Mr. Liu Zongliu (independent non-executive Director)
Ms. Jing Pilin (independent non-executive Director)

The role and functions of the NC are set out in its written terms of reference. Its primary responsibilities include (i) conducting annual review of the structure, size and composition (including the balance of skills, knowledge, experience and diversity) of the Board, and making recommendations on any proposed changes (if any) to the Board to complement the Company's corporate strategy; (ii) identifying, selecting and recommending individuals suitably qualified to become Board members and making recommendations to the Board on selection of individuals nominated for directorships; (iii) assessing the independence of the independent non-executive Directors; (iv) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairperson and chief executives; and (v) reviewing the contributions and performances of individual Director as well as evaluating the effectiveness of the Board.

CORPORATE GOVERNANCE REPORT

For the Year, the NC held a meeting and carried out a review and an assessment of the Board's performance, taking note of the findings from previous evaluations undertaken and the actions taken to address those findings. The meeting discussed the areas where certain administrative inadequacies on dissemination of board materials and schedule planning had been noted, appropriate corrective measures agreed with management and performance indicators determined to drive compliance.

In addition, the NC has, during the year ended 31 December 2025 reviewed the structure, size and composition of the Board, reviewed the time and attention devoted by individual Directors to the Company, assessed the independence of the independent non-executive Directors, and made the recommendations to the Board on the re-appointment of retiring Directors.

Nomination Policy

The Board has adopted a nomination policy (the "**Nomination Policy**") to assist the Board in identifying suitably qualified candidates and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors as well as providing the selection criteria and procedures adopted for making recommendations by the NC. A summary of the selection criteria and procedures for recommendation and selection of candidates for directorship is disclosed below.

Selection Criteria

In assessing the suitability of a proposed candidate, the NC shall consider the following factors:

- reputation for integrity;
- accomplishment, experience and reputation of the relevant business of the Group;
- time to be devoted and attention to the affairs of the Company;
- diversity of the Board in all aspects, including but not limited to gender, age, cultural background, educational background, skills, knowledge and professional experience;
- compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an independent non-executive Director; and
- any other relevant factors as may be determined by the NC or the Board from time to time.

The appointment of any proposed candidate(s) to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Bye-Laws and other applicable rules and regulations.

Nomination Procedures

To nominate a candidate for the appointment and/or re-appointment of Directors, the procedures are as follows:

- The secretary of the NC shall convene a meeting, and invite nominations of candidates from Board members (if any), for consideration by the NC. The NC may also put forward candidates who are not nominated by Board members;
- Proposed candidates will be asked to submit the necessary personal information, together with their written consent to be appointed as a director of the Company and to the public disclosure of their personal data on any documents or relevant website in connection with their nomination or otherwise pursuant to applicable rules and regulatory requirements; recommendation will then be made by the NC upon review of the relevant documents for Board's consideration and approval. The NC may request candidates to provide additional information and documents, if considered necessary;
- In the context of re-appointment of any existing member(s) of the Board, the NC shall make recommendations to the Board for its consideration and recommendation, for the candidates to stand for re-election at a general meeting;
- Please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director of the Company", which is available on the Company's website, for procedures for shareholders' nomination of any candidate for election as a Director; and
- The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

The Board will review the Nomination Policy, as appropriate, to ensure the effectiveness of the Nomination Policy.

Under bye-law 104 of the Bye-Laws, at least one-third of the Directors are required to retire from office by rotation and they are eligible for re-election at the Company's annual general meeting, and each Director must retire from office at least once every three years. In addition, a newly appointed Director must retire and offer himself for re-election at the forthcoming annual general meeting after his appointment pursuant to bye-law 107(B) of the Bye-Laws.

On 25 March 2026, the NC had recommended the re-appointment of Mr. Yang Jie, Mr. Shi Fazhen and Ms. Jing Pilin pursuant to bye-law 104 of the Bye-Laws. The Board had accepted the NC's recommendation.

Board Diversity Policy

The Company adopted a board diversity policy (the "**Board Diversity Policy**"). A summary of the Board Diversity Policy, together with the measurable objectives set for implementing this Board Diversity Policy, and the progress made towards achieving those objectives are disclosed below.

CORPORATE GOVERNANCE REPORT

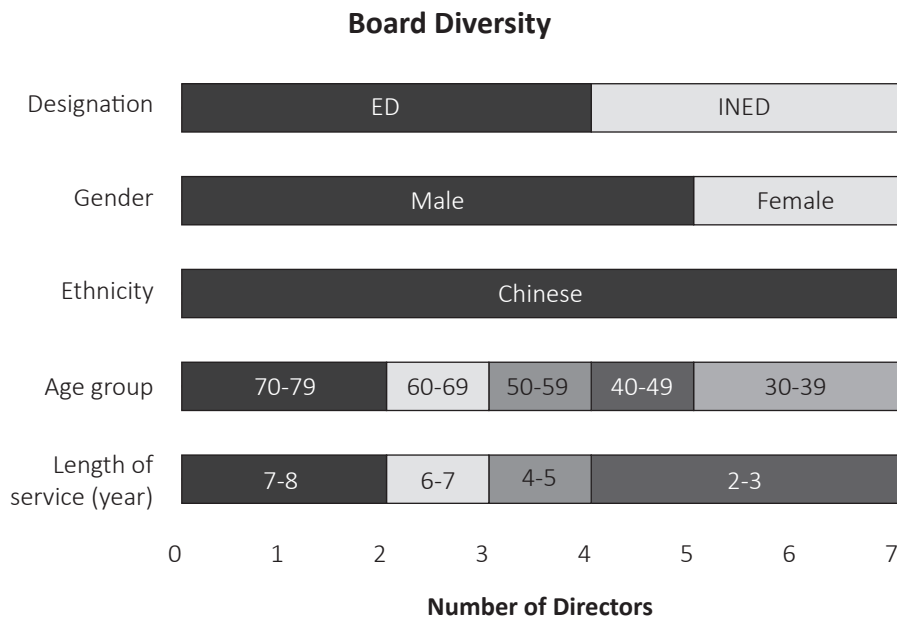
Summary of the Board Diversity Policy

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board Diversity Policy aims at setting out the approach to achieve diversity of the Board. In determining the Board's composition, difference in the gender, age, cultural and educational background, professional experience, skills, knowledge and length of service of Directors will be taken into account. All Board appointment will be made based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board and the contribution that the selected candidates will bring to the Board. The Nomination Committee shall review the board diversity policy and make recommendations to the Board on amendments to the board diversity policy (if any) as appropriate annually.

The Group has a relatively balanced workforce (including senior management) overall, with 52% female permanent staff and women are well represented in corporate functions. The Group aims to maintain an appropriate balance of diversity perspectives that are relevant to the Group's business growth. The Group adheres to fair employment practices and promotes diversity and equal opportunity in its recruitment and promotion processes. Employees at all levels (from the Board downwards) are hired and selected based on their skill sets and abilities, regardless of race, gender or religion.

Measurable objectives

For the purpose of implementing the Board Diversity Policy, the Board has adopted and the Company has achieved a range of measurable objectives set out below, including but not limited to gender, ethnicity, age and length of services. The Board targets to maintain at least the current level of female presentation. As at the date of this report, the Board's composition under major diversified perspectives was summarised as follows:



ED: Executive Director
INED: Independent non-executive Director

Remuneration Committee

The RC was established by the Board on 28 May 2004 in accordance with Rule 3.25 of the Listing Rules. Its written terms of reference are in accordance with code provision E.1.2 of the Hong Kong Code. As at the date of this report, the RC comprises five members, a majority of whom are independent non-executive Directors and two of them are executive Directors.

Chairperson: Mr. Shi Fazhen (independent non-executive Director)

Members: Ms. Zhu Yingxue (executive Director)
Mr. Song Henan (executive Director)
Mr. Liu Zongliu (independent non-executive Director)
Ms. Jing Pilin (independent non-executive Director)

The RC is responsible for recommending to the Board a framework for the remuneration of Directors and key executives. The review covers all aspects of the directors' performance and remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and other benefits. The RC's recommendations are made in consultation with the chief executive officer of the Company and submitted for endorsement by the Board. No Director is involved in any decision making in respect of any remuneration or compensation to be offered or granted to him/her.

The RC held a meeting during the year ended 31 December 2025 and carried out its functions, which included the following:

- (i) To recommend to the Board a framework of remuneration for the Board and executive officers; make recommendations to the Board on the remuneration packages for senior management and individual executive Directors; such remuneration packages should cover all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, benefits in kind and retirement rights and compensation, including compensation payable for loss or termination of their office or appointment.
- (ii) To review the remuneration packages of all managerial staff who are related to any of the executive Directors or the chief executive officers.
- (iii) To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.
- (iv) To make recommendations to the Board on the remuneration of non-executive Directors.
- (v) To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.
- (vi) In the case of service contracts, to consider what compensation commitments the Directors' and executive officers' contracts of service, if any, would entail in the event of early loss or termination with a view to being fair and avoiding rewarding poor performance. To ensure that any payment made is consistent with contractual terms and is otherwise fair and not excessive.

CORPORATE GOVERNANCE REPORT

- (vii) To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.
- (viii) To ensure that no Director or any of his associates is involved in deciding his own remuneration.
- (ix) To recommend to the Board in consultation with senior management and the Chairperson of the Board any long term incentive scheme.
- (x) In respect of any share option schemes as may be implemented, to consider whether Directors should be eligible for benefits under such incentive schemes.
- (xi) To recommend to the Board on the appointment of Directors whose service contracts shall be disclosed to shareholders in accordance with the Listing Rules.
- (xii) To consult the Chairperson and/or Chief Executive Officer about their proposals relating to the remuneration of other executive Directors and have access to professional advice if considered necessary.
- (xiii) To report to the Board on the deliberations and recommendations of the RC in discharge of their functions.

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises.

Remuneration of Directors

The disclosure on the remuneration of each Director for the Year is found in note 10 to the consolidated financial statements. A breakdown, showing the level and mix of each Director's remuneration for the year is as follows:

Remuneration band	Salary HK\$	Fees HK\$	Bonus HK\$	Other Benefits HK\$	Total HK\$
Less than HK\$1,000,000					
Mr. Hu Xiangwei ⁽¹⁾	—	—	—	—	—
Ms. Zhu Yingxue	—	—	—	—	—
Mr. Yang Jie	—	—	—	—	—
Mr. Wang Jin	—	—	—	—	—
Mr. Song Henan	—	—	—	—	—
Mr. Shi Fazhen	—	150,000	—	—	150,000
Ms. Jing Pilin	—	150,000	—	—	150,000
Mr. Liu Zongliu	—	150,000	—	—	150,000

Note:

- (1) Retired on 6 June 2025.

CORPORATE GOVERNANCE REPORT

The remuneration of the executive Directors and the key executives comprise a basic salary component and a variable component, which is the performance bonus, based on the performance of the Group as a whole and the executive Director's individual performance.

The independent non-executive Directors are paid with Directors' fees. The Directors' fee comprises a basic retainer fee, plus additional fees for serving as Chairperson or member of a Board Committee, which take into account the responsibilities, efforts and time spent in the discharge of the Director's responsibilities.

The remuneration of the member of the senior management by remuneration band for the year ended 31 December 2025 is set out below:

Remuneration band	Number of individuals	
	2025	2024
Nil – HK\$1,000,000	–	–
HK\$1,000,001 – HK\$1,500,000	1	1

Accountability and Audit

The Board is responsible for preparation of financial statements of the Group. In presenting the annual financial statements and interim and annual results announcements to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the performance, position and prospects of the Company and the Group as a whole.

The Management provides the Board with relevant information on a timely basis in order that it may effectively discharge its duties.

In discharging its responsibility for the financial statements of the Group, the Board ensures that the financial statements are prepared and presented in accordance with statutory requirements and applicable accounting standards. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out in "Independent Auditor's Report" on pages 40 to 42 of this annual report.

Risk management and internal controls

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies.

The Group has in place an Enterprise Risk Management Framework that identifies the key risks that the Group faces, including financial, operational, compliance and information technology risks, as well as the controls and procedures put in place to manage and mitigate such risks. The said framework has been reviewed and discussed by the AC and the Board at least once annually. The AC and the Management will continually assess the adequacy and effectiveness of the risk management framework and processes.

CORPORATE GOVERNANCE REPORT

In the course of their statutory audit, the Company's external auditor carried out a review of the effectiveness of the Company's material internal controls. No material compliance issues or internal control weaknesses were noted by the external auditor.

The Company has appointed and commissioned an external professional services firm as internal auditor (the "Internal Auditor") to assist the Management in reviewing the Group's risk management and internal controls systems and procedures and assessing the adequacy and effectiveness of the Group's risk management and internal controls systems. The Internal Auditor have carried out their internal audits in accordance with an audit plan approved by the AC. Findings and recommendations of the Internal Auditor together with the Management response were submitted to the AC for review. Considering the scale and nature of the Group's operations, the Board is satisfied that such an arrangement is adequate and in the best interest of the Company as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function and those relating to the Company's ESG performance and reporting. The risk management and internal control systems are reviewed annually.

The Board has received assurance from the CEO and the Financial Controller that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and (ii) the Company's risk management and internal control system in place are effective and adequate.

Based on the risk management review and the risk management and the internal control system established and maintained by the Group, work performed by the Internal Auditor and the review undertaken by the external auditor, and the aforesaid assurances from the CEO and the Financial Controller, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems is effective and adequate to address the financial, operational and compliance risks, and information technology controls of the Company in its current business environment.

There is no significant change during the year ended 31 December 2025 in the Company's assessment of risk (including ESG risks) and the risk management and internal control systems.

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness. The Board notes that the risk management and internal control systems established by the Company are designed to manage rather than eliminate the risk of failure to achieve business objectives, and only provides reasonable, but not absolute, assurance against material misstatement or loss that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no risk management and internal control systems can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

The Company also has procedures and internal controls for the handling and dissemination of inside information, including strictly prohibiting unauthorised use of inside information and communication of sensitive information are made on a "need-to-know" basis only. The Group strives to identify inside information and any information which may potentially constitute inside information at the earliest practicable opportunity, which is then assessed and handed to the Board for decision on the need for disclosure.

Audit Committee

The AC was established by the Board on 28 May 2004 in accordance with Rule 3.21 of the Listing Rules. Its written terms of reference are in compliance with code provision D.3.3 of the Hong Kong Code. As at the date of this report, the AC comprises three members, all of whom are independent non-executive Directors.

Chairperson: Mr. Shi Fazhen (independent non-executive Director)

Members: Mr. Liu Zongliu (independent non-executive Director)
Ms. Jing Pilin (independent non-executive Director)

The AC held two meetings during the year ended 31 December 2025 and has dealt with the following matters, where relevant, with the executive Directors and the external auditor of the Company:

On 25 March 2026, the AC reviewed the Group's consolidated annual results for the year ended 31 December 2025, and considered that the said annual results are prepared in accordance with applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

- a) review the Group's annual and interim results;
- b) assist the Board in discharging its responsibility to:
 - safeguard the Company's assets;
 - maintain adequate accounting records; and
 - develop and maintain effective risk management and internal control systems and internal audit functions;
- c) review the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditor;
- d) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- e) make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- f) review the internal audit plan, and the results of the internal audits undertaken by the Internal Auditor; and
- g) review the Enterprise Risk Management Framework established, and the key risks identified together with the controls and procedures put in place to manage and mitigate the risks.

The AC has recommended to the Board that ZHONGHUI ANDA CPA Limited be nominated for reappointment as external auditor of the Company at the forthcoming annual general meeting. During the Year, the Company has paid an aggregate amount of approximately HK\$1,780,000 to the external auditor for its audit services.

CORPORATE GOVERNANCE REPORT

The Group has appointed suitable audit firms to meet the Group's audit obligations. In appointing the audit firms for the Group, the AC and the Board are satisfied that the appointment of different auditing firms for its subsidiaries will not compromise the standard and effectiveness of the audit of the Company.

The AC has full access to and co-operation of the management and has been given the resources required for it to discharge its functions properly. It has full discretion to invite any Director and executive officer to attend its meetings. The AC has also met with the external auditor, without the presence of the management of the Company during the Year. The external auditor have unrestricted access to the Audit Committee.

The Company has put in place a whistle-blowing framework and the policy of anti-corruption, endorsed by the AC where employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions. There were no whistle-blowing reports received during the Year and up to the date of this report.

External Auditor

For the year ended 31 December 2025, the fee payable to, ZHONGHUI ANDA CPA Limited, the Company's external auditor in respect of audit services provided to the Company and its subsidiaries is set out below:

	HK\$'000
Audit services	1,780

Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2025 which give a true and fair view of the financial position of the Group as well as the operating results and cash flows during that year. The auditor of the Company is responsible to form an independent opinion, based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the Shareholders.

Company Secretary

Mr. NG King Hang has been appointed as the Company Secretary with effect from 11 September 2018. He has complied with the requirement of Rule 3.29 of the Listing Rules by receiving relevant professional training for not less than 15 hours during the year ended 31 December 2025.

Corporate Governance Functions

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

Shareholder Rights and Responsibilities

The Company engages in regular, effective and fair communication with its shareholders, and has appointed an investor relation firm to advise on and facilitate this process. The Company sees the merits of holding briefings for investors and analysts as a means to promote better understandings of the Company's business and operations. However, it does so without compromising the principles of fair and equitable disclosure. Announcements containing inside information including annual and half-year results are released through the websites of SEHK, SGX-ST and the Company. The Company will also update investors and shareholders on the Group's development by making announcements in compliance with the Listing Rules from time to time.

All shareholders of the Company will be sent a copy of the annual report, interim report, circular (if any) and notice of general meeting in demand. The Board, the Chairperson of the AC, RC and NC and the key management staff will be available at the annual general meeting to answer questions that shareholders may have concerning the Company. The external auditor will also be present to assist the Directors in addressing any relevant queries from the shareholders.

Procedures for shareholders to convene a Special General Meeting ("SGM")

Pursuant to the Bermuda Companies Act, the Board shall, on the requisition of members of the Company holding not less than one-tenth of the paid-up capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene a SGM.

If within twenty-one days of such requisition, the Board fails to proceed to convene the SGM, the requisitionists or any of them representing more than one half of the total voting rights of all of them may themselves convene a SGM, but any meeting so convened shall not be held after three months from the date of the original deposit.

Procedures for putting forward proposals at shareholders' meeting

Shareholders can submit a written requisition to move a resolution at shareholders' meeting. The number of shareholders necessary for a requisition shall represent not less than one-twentieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the shareholders' meeting, or who are no less than one hundred shareholders.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the shareholders' meeting. It must also be signed by all of the shareholders concerned and be deposited at the Company's office in Hong Kong at Room 2008, 20/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong for the attention of the Company Secretary not less than six weeks before the shareholders' meeting in case of a requisition requiring notice of a resolution and not less than one week before the shareholders' meeting in case of any other requisition.

The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned under applicable laws and rules.

CORPORATE GOVERNANCE REPORT

Shareholders' enquiries

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders. The Company has established several channels to communicate with the shareholders as follows:

- corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the website of the SEHK and SGX-ST and on the website of the Company at <http://www.yeigi.com>;
- announcements are published on the websites of the SEHK and SGX-ST and the Company;
- designated senior management maintains regular dialogue with investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner;
- corporate information is made available on the Company's website; and
- annual and extraordinary general meetings, if any, provide a forum for the shareholders to make comments and exchange views with the Directors and senior management.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

The Company reviewed the implementation and effectiveness of the shareholders communication policy and considered it to be effective for the year ended 31 December 2025.

Shareholders' Enquiries to the Board

The Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary. The contact details are set out in the Company's website (www.yeigi.com).

Dividend Policy

The Board has adopted a dividend policy (the "**Dividend Policy**") on 4 March 2019 with an aim to provide the shareholders of the Company with stable and sustainable returns.

In proposing any dividend distribution and determining the dividend payout, the Board shall take into account:

- the actual and expected performance and financial conditions of the Group;
- retained earnings and distributable reserves of the Group;
- the liquidity and cash flow of the Group;
- the expected requirements for working capital and future investment of the Group;
- restrictions on payment of dividends that may be imposed on the Company by any of its financing arrangements; and
- such other factors that the Board deems appropriate.

CORPORATE GOVERNANCE REPORT

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 since the Company has formulated business plans which could enhance investors' return. Please refer to section "Prospects" of this report for further details.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listing Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors.

Having made specific enquiry with all Directors, the Company confirmed that all members of the Board complied with the Model Code during the year ended 31 December 2025.

Senior management, executives and staff who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of non-compliance with the Model Code by such employees was noted by the Company during the year ended 31 December 2025.

Constitutional Documents

The Board of Directors persistently review and update the policies and constitutional documents of the Company. There is no change in the Company's constitutional documents during the year. The Board is pleased to propose to make certain amendments to the Bye-laws of the Company (the "**Bye-laws**") for the purpose of, among others, (i) bringing the Bye-laws in line with the Core Shareholder Protection Standards set out in Appendix A1 of the Listing Rules which require, among others, the holding of general meetings which shareholders can attend virtually with the use of technology and cast votes by electronic means, and (ii) making other house-keeping amendments to clarify, update and/or modify certain provisions of the Bye-laws in accordance with, or to better align with the applicable laws (collectively, the "**Proposed Bye-laws Amendments**").

The Proposed Bye-laws Amendments are subject to the approval of the shareholders of the Company (the "**Shareholders**") by way of a special resolution at the forthcoming annual general meeting ("**AGM**") of the Company. A circular of the Company containing, among others, further details on the aforesaid subject matters, together with a notice of the AGM, will be despatched to the Shareholders (if necessary) in accordance with the requirements of the Listing Rules in due course.

REPORT OF THE DIRECTORS

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

1 PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The principal activities of the Group are set out in note 1 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Further discussion and analysis of these activities, including a discussion of the principal risks and uncertainties facing the Group and an indication of the likely developments in the Group's business, can be found in the section headed "Management Discussion and Analysis" as set out on pages 4 to 9 of this annual report. These discussions form part of this Directors' Report.

2 SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 1 to the consolidated financial statements.

3 RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 43 of this annual report. No interim dividend was paid during the year. In respect of the financial year ended 31 December 2025, no dividend was proposed by the Directors (2024: Nil).

4 SUMMARY FINANCIAL INFORMATION

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements, is set out on page 92 of this annual report. This summary does not form part of the audited consolidated financial statements.

5 FINAL DIVIDEND

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

6 PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

REPORT OF THE DIRECTORS

7 MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, sales to the Group's five largest customers accounted for approximately 77.3% (2024: approximately 63.6%) of the total sales for the year and the single largest customer accounted for approximately 26.5% (2024: approximately 18.0%); purchases from the Group's five largest suppliers accounted for approximately 77.9% (2024: approximately 72.7%) of the total purchases for the year and the single largest supplier accounted for approximately 30.0% (2024: approximately 27.4%).

None of the Directors or any of their close associates or any shareholders (who, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

8 SHARE CAPITAL

Details of the movements in the issued share capital of the Company during the year are set out in note 26 to the consolidated financial statements.

9 DEBENTURES

The Group did not issue any debenture during the year ended 31 December 2025 (2024: Nil).

10 EQUITY-LINKED AGREEMENT

No equity-linked agreement was entered into by the Company during the year ended 31 December 2025 or subsisted at the end of the financial year.

11 PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

12 PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities (including sale of treasury shares, if any) on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK") and the Main Board of The Singapore Exchange Securities Trading Limited (the "SGX-ST"). As at 31 December 2025, the Company did not hold any treasury shares.

13 DISTRIBUTABLE RESERVES

As of 31 December 2025, the Company had distributable reserves of approximately HK\$28.1 million. Details of the movements in the reserves of the Company during the year are set out in note 37 to the consolidated financial statements.

REPORT OF THE DIRECTORS

14 DIRECTORS

The Directors in office during the financial year ended 31 December 2025 and up to the date of this report are:

Executive Directors

Ms. Zhu Yingxue (Chairperson)
Mr. Song Henan (Chief Executive Officer)
Mr. Yang Jie
Mr. Wang Jin

Independent Non-executive Directors

Mr. Shi Fazhen
Mr. Liu Zongliu
Ms. Jing Pilin

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent.

15 BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 10 to 13 of this annual report. The biographical details do not form part of the audited consolidated financial statements.

16 DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's Board of Directors with reference to the respective Directors' duties, responsibilities and performance and the results of the Group. The details of the directors' remuneration are set out in note 10 to the consolidated financial statements.

17 DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, Ms. Zhu Yingxue, Mr. Song Henan, Mr. Yang Jie and Mr. Wang Jin entered into a service contract with the Company for a term of three years, which shall automatically continue from year to year upon expiry of its term, unless terminated in accordance with the provisions of the service contract by either party giving to the other not less than six months' prior notice in writing provided that the Company shall have the option to pay salary in lieu of any required period of notice.

None of the Directors has or is proposed to have entered into any service contract with the Company or any of its subsidiaries which is not determinable by the Company or any such subsidiary within one year without payment of compensation other than statutory compensation.

REPORT OF THE DIRECTORS

18 MANAGEMENT CONTRACTS

Save for service contracts of the Directors, no contracts concerning management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

19 CONTRACT WITH CONTROLLING SHAREHOLDERS

Save as disclosed in this annual report, there were no contract of significance (including the provision of services) in relation to the Group's business between the Company, or any of its subsidiaries or fellow subsidiaries, and the Company's controlling shareholder, or any of its subsidiaries or fellow subsidiaries, subsisted as at 31 December 2025 or at any time during the year ended 31 December 2025.

20 DIRECTORS' INTEREST IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, so far as is known to any Directors or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise to be notified to the Company and the SEHK pursuant to the Model Code.

21 DIRECTORS' INTEREST IN COMPETING BUSINESSES

None of the Directors was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group at any time during the year ended 31 December 2025.

22 DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Details of the related party transactions are set out in the below paragraphs and note 29 to the consolidated financial statements.

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

23 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year ended 31 December 2025 nor at any time during the financial year did there subsist any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

REPORT OF THE DIRECTORS

24 SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, so far as known to the Directors of the Company, the following persons (other than the Directors whose interests are disclosed in the section headed "Directors Interests in Shares and Underlying Shares and Debentures" above) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the SEHK under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position in Shares

Name	Capacity and nature of interests	Number of Shares held	Direct Interest	Deemed Interest	
			Approximate percentage of the issued share capital of the Company	Number of Shares held	Approximate percentage of the issued share capital of the Company
Yunnan Energy Investment (HK) Co. Limited <i>(Note 1)</i>	Beneficial owner	201,196,995	73.05%	–	–
Yunnan Provincial Energy Investment Group Co., Limited <i>(Note 1)</i>	Interest of controlled corporation	–	–	201,196,995	73.05%

Note:

- 201,196,995 shares are owned by Yunnan Energy Investment (HK) Co. Limited, which in turn is wholly owned by Yunnan Provincial Energy Investment Group Co., Limited. Accordingly, Yunnan Provincial Energy Investment Group Co., Limited are deemed to be interested in all the Shares held by Yunnan Energy Investment (HK) Co. Limited.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any other persons (other than the Directors) who had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the SEHK under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

25 SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this annual report.

As at 31 December 2025, the Company's public float was approximately 26.95% of its total Shares in issue.

REPORT OF THE DIRECTORS

26 BOARD COMMITTEES

The Company established each of the Audit Committee, the Remuneration Committee and the Nomination Committee on 28 May 2004. For further details, please refer to the Corporate Governance Report of this annual report.

27 DONATIONS

No charitable and other donations were made by the Group during the year ended 31 December 2025 (2024: Nil).

28 ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to operating in compliance with applicable environmental laws as well as protecting the environment by minimising the negative impact of the Group's existing business activities on the environment.

The Group has actively promoted material-saving and environmentally friendly working environment so as to protect the environment and improve air quality within the community. The Group is reviewing their action plan for further reduction of energy consumption in our manufacturing facilities. Several measures have been implemented in order to mitigate environmental pollution, such as reducing energy consumption and enhancing machines and equipment. The Group also adheres to the principle of recycling and reducing. Double sided printing and copying, using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance are being implemented in the offices.

29 COMPLIANCE WITH LAWS AND REGULATIONS

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

Throughout the financial year ended 31 December 2025, to the best knowledge, information and belief, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on the Company.

30 RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

For our relationship with employees, please refer to the paragraph headed "Employees and Emolument Policy" as set out in the Management Discussion and Analysis on page 9 of this annual report.

Relationship is the fundamentals of business. The Group fully understands this principle and thus maintain close relationship with the customers to fulfil their immediate and long-term need. The Group also strives to maintain fair and co-operating relationship with the suppliers.

REPORT OF THE DIRECTORS

31 PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 31 December 2025. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

32 DEFINED BENEFIT PLAN

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance and other defined contribution schemes in other jurisdictions in which the Group has operations for eligible employees. Under these schemes, the Group's employer contributions vest fully with the employees when contributed into these schemes. Accordingly, the Group's contributions under these schemes had no forfeited contributions which may be used to reduce the existing level of contributions.

The Group did not have any defined benefit plan for the year ended 31 December 2025.

33 CONNECTED TRANSACTIONS

On 14 January 2026, the Group signed an master purchase agreement between Yunnan Energy Green New Materials Co., Ltd. and the Company to purchase its required silicon materials (organic silicon/industrial silicon) from members of Yunnan Energy Green New Materials Co., Ltd. Details of the transaction are disclosed in the circular of the Company dated 12 February 2026.

During the year ended 31 December 2025, the Group has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules.

34 RELATED PARTY TRANSACTIONS

None of the related party transactions as set out in note 29 to the consolidated financial statements in the annual report falls under the definition of "connected transactions" or "continuing connected transactions" as defined in Chapter 14A of the Listing Rules (except for the loan from the immediate holding company which is fully exempted from the connected transaction requirement under Rule 14A.90 of the Listing Rules and the purchase of goods from fellow subsidiaries which is fully exempted from the connected transaction requirement under Rule 14A.76 of the Listing Rules). The connected and continuing connected transactions of the Group are in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

35 EVENT AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period (if any) are set out in note 36 to the consolidated financial statements.

REPORT OF THE DIRECTORS

36 AUDITOR

Ernst & Young (“EY”) has been the auditor of the Group since 18 December 2018 until 18 December 2024. On 18 December 2024, EY resigned as the auditor of the Company. The Board, with the recommendation of the Audit Committee, resolved to appoint ZHONGHUI ANDA CPA Limited (“Zhonghui Anda”) as the auditor of the Company with effect from 18 December 2024 to fill the casual vacancy following the resignation of EY as auditor of the Company. Zhonghui Anda continues to hold office until the conclusion of the next annual general meeting of the Company. An ordinary resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Zhonghui Anda as the auditor of the Company. The auditor, Zhonghui Anda, has expressed their willingness to accept the re-appointment.

An ordinary resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint ZHONGHUI ANDA CPA Limited as the auditor of the Company. The auditor, ZHONGHUI ANDA CPA Limited, has expressed their willingness to accept the re-appointment.

37 TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company’s securities.

ON BEHALF OF THE BOARD

ZHU Yingxue
Chairperson
25 March 2026

INDEPENDENT AUDITOR'S REPORT



中 汇
ZHONGHUI

YUNNAN ENERGY INTERNATIONAL CO. LIMITED

(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Yunnan Energy International Co. Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 43 to 91, 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.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accountant Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of trade receivables and prepayments

Refer to notes 18 and 19 to the consolidated financial statements

The Group tested the amount of trade receivables and prepayments for impairment. This impairment test is significant to our audit because the balances of trade receivables and prepayments of HK\$205,681,000 and HK\$47,591,000 as at 31 December 2025 are material to the consolidated financial statements. In addition, the Group’s impairment test involves application of judgement and is based on estimates.

Impairment assessment of trade receivables and prepayments – continued

Our audit procedures included, among others:

- Assessing the Group's relationship and transaction history with the customers and suppliers;
- Evaluating the Group's impairment assessment of trade receivables and prepayments;
- Assessing ageing of the trade receivables;
- Checking subsequent settlements from the customers and subsequent usages from the suppliers;
- Evaluating the competence, capabilities and objectivity of external valuation specialists;
- Evaluating the appropriateness of the valuation methodologies and Expected Credit Losses (ECL) models applied by the external valuation specialists. This included challenging the reasonableness of key assumptions and inputs;
- Testing the completeness, accuracy, and relevance of the underlying data provided by the Group's management to the external valuation specialists to ensure the models were based on reliable information; and
- Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment test for trade receivables and prepayment is supported by the available evidence.

Other Information

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

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

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

INDEPENDENT AUDITOR'S REPORT

Responsibilities of Directors 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 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at: <https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre>.

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Li Shun Fai

Audit Engagement Director

Practising Certificate Number P05498

Hong Kong, 25 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
REVENUE	6	392,673	576,615
Cost of sales		(368,102)	(546,720)
Gross profit		24,571	29,895
Other income and gains and losses, net	7	1,819	(5,922)
Selling and distribution expenses		(7,894)	(4,201)
Administrative expenses		(12,688)	(12,988)
Reversal of impairment losses/(impairment losses) of financial assets, net	9	391	(406)
Finance costs	8	(3,578)	(3,133)
PROFIT BEFORE TAX	9	2,621	3,245
Income tax	12	(3,519)	(2,754)
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		(898)	491
OTHER COMPREHENSIVE INCOME/(LOSS):			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes of equity investment designated at fair value through other comprehensive income		2,161	852
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		3,006	(2,555)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		5,167	(1,703)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		4,269	(1,212)
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY OWNERS OF THE PARENT			
Basic and diluted (HK cents per share)	14	(0.33)	0.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	70	105
Equity investment designated at fair value through other comprehensive income	16	54,390	40,877
Total non-current assets		54,460	40,982
CURRENT ASSETS			
Inventories	17	40,661	72,401
Trade receivables	18	205,681	141,709
Prepayments, deposits and other receivables	19	92,076	93,569
Cash and cash equivalents	20	57,557	66,063
Total current assets		395,975	373,742
CURRENT LIABILITIES			
Trade payables	21	104,100	55,549
Other payables and accruals	22	31,616	38,795
Loan from a fellow subsidiary	23	60,291	153,752
Bank borrowings	24	71,965	–
Tax payable		2,313	2,511
Total current liabilities		270,285	250,607
NET CURRENT ASSETS		125,690	123,135
TOTAL ASSETS LESS CURRENT LIABILITIES		180,150	164,117
NON-CURRENT LIABILITY			
Loan from the immediate holding company	25	11,764	–
Total non-current liability		11,764	–
NET ASSETS		168,386	164,117
EQUITY			
Issued capital	26	107,420	107,420
Reserves	27(a)	60,966	56,697
TOTAL EQUITY		168,386	164,117

Approved by:

ZHU YINGXUE
DIRECTOR

SONG HENAN
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Share capital	Share premium	Contributed surplus	Investment revaluation reserve	Exchange fluctuation reserve	Accumulated losses	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	107,420	143,392	3,071	–	(9,127)	(79,427)	165,329
Profit for the year	–	–	–	–	–	491	491
Fair value changes of equity investment designated at fair value through other comprehensive income	–	–	–	852	–	–	852
Exchange difference arising on translating foreign operations	–	–	–	–	(2,555)	–	(2,555)
Total comprehensive income/(loss) for the year	–	–	–	852	(2,555)	491	(1,212)
At 31 December 2024	107,420	143,392*	3,071*	852*	(11,682)*	(78,936)*	164,117
At 1 January 2025	107,420	143,392	3,071	852	(11,682)	(78,936)	164,117
Loss for the year	–	–	–	–	–	(898)	(898)
Fair value changes of equity investment designated at fair value through other comprehensive income	–	–	–	2,161	–	–	2,161
Exchange difference arising on translating foreign operations	–	–	–	–	3,006	–	3,006
Total comprehensive income/(loss) for the year	–	–	–	2,161	3,006	(898)	4,269
At 31 December 2025	107,420	143,392*	3,071*	3,013*	(8,676)*	(79,834)*	168,386

* These reserve accounts comprise the consolidated reserves of HK\$60,966,000 (2024: HK\$56,697,000) in the consolidated statement of financial position as at 31 December 2025.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,621	3,245
Adjustments for:			
Bank interest income	7	(72)	(629)
Finance costs	8	3,578	3,133
(Reversal of impairment losses)/impairment losses of financial assets, net	9	(391)	406
Depreciation of property, plant and equipment	15	55	53
Dividend income from equity investment designated at FVTOCI (net of withholding tax)	7	(650)	–
Fair value losses of derivative financial instruments, net	7	–	949
Fair value losses of other receivables under factoring agreement	7	70	2,663
Impairment losses on inventories	7	–	4,291
Operating cash flows before working capital changes		5,211	14,111
Decrease/(increase) in inventories		33,095	(37,851)
Increase in trade receivables		(63,022)	(53,382)
Decrease/(increase) in other receivables, deposits and prepayments		1,422	(32,249)
Increase in trade payables		46,492	26,690
(Decrease)/increase in accruals and other payables		(6,368)	7,153
Decrease in amount due to a fellow subsidiary		(75)	(16)
Decrease/(increase) in amount due from a fellow subsidiary		16	(16)
Cash generated from/(used in) operations		16,771	(75,560)
PRC corporate income tax paid		(3,775)	(207)
Net cash flows generated from/(used in) operating activities		12,996	(75,767)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of an equity investment designated at fair value through other comprehensive income		(11,352)	(40,025)
Purchases of property, plant and equipment		(18)	(33)
Dividend received (net of withholding tax)		650	–
Interest received		72	629
Net cash flows used in investing activities		(10,648)	(39,429)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loan from a fellow subsidiary		–	153,379
New loan from the immediate holding company		11,625	16,433
Repayment of a loan from the immediate holding company		–	(104,079)
Repayment of a loan from a fellow subsidiary		(93,705)	–
New bank borrowings raised		70,947	–
Interest paid		(1,113)	(3,669)
Net cash flows (used in)/generated from financing activities		(12,246)	62,064
NET DECREASE IN CASH AND CASH EQUIVALENTS		(9,898)	(53,132)
Cash and cash equivalents at beginning of year		66,063	120,618
Effect of foreign exchange rate changes		1,392	(1,423)
CASH AND CASH EQUIVALENTS AT END OF YEAR		57,557	66,063
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	57,557	63,144
Non-pledged time deposits with original maturity of less than three months when acquired	20	–	2,919
Cash and cash equivalents as stated in the consolidated statement of financial position		57,557	66,063

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. CORPORATE AND GROUP INFORMATION

Yunnan Energy International Co. Limited (the “**Company**”) is incorporated in Bermuda as an exempted company with limited liability. The Company’s shares have a primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (“**SEHK**”) and a secondary listing on the Main Board of Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

During the year, the Company and its subsidiaries (collectively, the “**Group**”) were involved in the following principal activities:

- Distribution of branded analytical and laboratory instruments and life science equipment (the “**Distribution Business**”)
- Supply chain business on the trading of commodities, diversified industrial and consumer products (the “**Supply Chain Business**”)

The immediate holding company of the Company changed during the year. With effect from 29 December 2025, Yunnan Energy Investment (HK) Co. Limited, incorporated in Hong Kong with limited liability, became the immediate holding company of the Company by acquiring 73.05% of the issued share capital from its wholly-owned subsidiary, Baodi International Investment Limited. In the opinion of the directors, the ultimate holding company of the Company is Yunnan Provincial Energy Investment Group Co., Ltd, which is a state-owned enterprise established in the People’s Republic of China (the “**PRC**”) and is wholly owned by The State-owned Assets Supervision and Administration Commission of the Yunnan Provincial People’s Government of the PRC.

Information about principal subsidiary

The Company’s principal subsidiary, which is indirectly held by the Company, as at 31 December 2025 and 2024 is as follow:

Company name	Place of incorporation/ registration and business	Issued ordinary share capital or paid-up capital/ registered capital	Percentage of equity attributable to the Company	Principal activities
雲南能投國際供應鏈有限公司*	PRC/Chinese Mainland	US\$100,000,000	100	Trading of analytical and laboratory instruments, life science equipment, diversified industrial and consumer products

* The subsidiary is registered as wholly-foreign-owned enterprises under the PRC law.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. CORPORATE AND GROUP INFORMATION – continued

Information about principal subsidiary – continued

The above table lists the subsidiary 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 as at 31 December 2025. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised IFRS Accounting Standards that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. IFRS Accounting Standards comprise International Financial Reporting Standards (“IFRS”); International Accounting Standards (“IAS”); and Interpretations. The adoption of these new and revised IFRS Accounting Standards did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years except as stated below.

The Group has not applied the new and revised IFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRS Accounting Standards but is not yet in a position to state whether these new and revised IFRS Accounting Standards would have a material impact on its results of operations and financial position.

3. MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and derivatives which are carried at their fair values less costs to sell.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 4 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES – continued

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

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES – continued

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and 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 of a holding company of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a holding company, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity); and
 - (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 a holding company of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES – continued

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	29%
Machinery and equipment	20% to 33%
Furniture and fixtures	20% to 33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES – continued

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Financial assets

Initial recognition and measurement

Financial assets are all classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss (“FVTPL”).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 Revenue from Contracts with Customers in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset (debt instrument) to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets (debt instruments) with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES – continued

Financial assets – continued

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Finance assets (debt instruments) classified and measured at amortised cost are held within a business model with objective to hold financial assets (debt instruments) in order to collect contractual cash flows, while financial assets (debt instruments) classified and measured at fair value through other comprehensive income ("FVTOCI") are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets (debt instruments) which are not held within the aforementioned business models are classified and measured at FVTPL.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes financial assets with embedded derivatives.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVTPL. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVTPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES – continued

Financial assets at FVTPL – continued

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(a) General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which 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

3. MATERIAL ACCOUNTING POLICIES – continued

Financial assets at FVTPL – continued

Impairment of financial assets – continued

(b) Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision policy that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES – continued

Financial assets at FVTOCI (equity investment)

Upon initial recognition, the Group can elect to classify irrevocably its equity investment as equity investment at FVTOCI when they meet the definition of equity under IAS 32 Financial instruments: presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at FVTOCI are not subject to impairment assessment.

Financial liabilities

Financial liabilities are all classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, and payables. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, loan from a fellow subsidiary, amount due to a fellow subsidiary, bank borrowings, loan from the immediate holding company and derivative financial instruments.

Subsequent measurement

Financial liabilities at amortised cost (trade payables, other payables and accruals, loan from a fellow subsidiary, amount due to a fellow subsidiary, bank borrowings and loan from the immediate holding company)

After initial recognition, trade payables, other payables and accruals, loan from a fellow subsidiary, amount due to a fellow subsidiary, bank borrowings and loan from the immediate holding company are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES – continued

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities designated upon initial recognition as at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by IFRS 9 is recognised in the statement of profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES – continued

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for back-to-back warrants in relation to the sale of certain industrial products for general repairs of defects occurring during the warranty period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES – continued

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where a grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where a grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or is deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES – continued

Income tax – continued

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be recognised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES – continued

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the asset.

Incidental to the sale of analytical and laboratory instruments and life science equipment, the Group also provides installation services in accordance with the terms of the contracts with customers. These services, which are not separately provided by the Group and are bundled together with the sale of analytical and laboratory instruments and life science equipment to a customer, are not identified as separate performance obligations as, in the opinion of the directors, they are not significant in the context of the contract as a whole.

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue from other sources

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

Defined contribution schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance of Hong Kong and other defined contribution schemes in other jurisdictions in which the Group has operations for eligible employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of these defined contribution schemes. The assets of these schemes are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed into these schemes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES – continued

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

Foreign currencies

These financial statements are presented in Hong Kong dollar (“HK\$”), which is different from the Company’s functional currency of the United States dollar, because the directors of the Company considered that HK\$ enables shareholders and potential investors of the Company to have a more accurate picture of the Group by aligning the Group’s financial performance with its share price. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES – continued

Foreign currencies – continued

The functional currencies of the Company and certain subsidiaries are currencies other than HK\$. As at the end of the reporting period, the assets and liabilities of these entities are translated into HK\$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into HK\$ at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of those entities whose functional currency is not HK\$ are translated into HK\$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of these entities which arise throughout the year are translated into HK\$ at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. The major judgements, estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements are set out below:

(a) Provision for expected credit losses of trade receivables

The Group categorises its trade customers into different categories based on credit risk and calculates ECL for trade receivables by applying ECL rates to different ageing groups of each category of trade receivables. The ECL rate of each ageing group is determined by the Group based on the average of history credit loss experience on each ageing group in the past years and, where material, adjusted for forward-looking factors specific to the debtors and the economic environment. External customers with credit deterioration will be assessed on an individual basis for the provision of ECLs.

The Group's historical credit loss experience and forecast of economic conditions may not be representative of a customer's actual default in the future and significant management estimates are required in the estimates. When the actual outcome or expectation in future is different from the original estimates, such differences will impact on the carrying amounts of trade receivables and the amount of ECLs provided or reversed in the periods in which such estimates have been changed. The information about the ECLs on the Group's trade receivables is disclosed in note 18 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES – continued

(b) Impairment of prepayments

The Group determines whether prepayments for goods is impaired at each reporting date which requires an estimation of the recoverable amount. Estimating the recoverable amount requires the Group to make an estimate of the expected delivery of goods or the sale of collateral held that are integral to the contractual terms. The carrying amounts of prepayments as at 31 December 2025 was HK\$47,591,000 (2024: HK\$64,530,000), further details of which are set out in note 19 to the financial statements.

(c) Impairment of inventories

The Group determined whether inventories is impaired based on the assessment of net realisable value, which is the amount of the inventories that are expected to realise. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the ageing of inventories, indication of obsolescence and fluctuations of the price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period. Significant management estimates are required in the estimates. When the actual outcome or expectation in future is different from the original estimates, such differences will impact on the carrying values of inventories and the amount of impairment/reversal in the periods in which such estimates have been changed.

During the year ended 31 December 2025, no impairment losses (2024: HK\$4,291,000) has been provided against the inventories. The net carrying amount of inventories as at 31 December 2025 was HK\$40,661,000 (2024: HK\$72,401,000). Details of nature of inventories are set out in note 17 to the financial statements.

(d) Revenue from contracts with customers – principal versus agent consideration

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e., the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e., the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. In this case, when the Group satisfies the performance obligation, the Group recognises revenue in the gross amount of consideration for its trading transactions.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Group applies judgements in regard to whether the Group controls the promised goods before transferring them to the customers and determine that, except for the trading of copper cathode which is carried out as an agent, its role as a principal for its trading transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the nature of their products and services and has two reportable operating segments as follows:

- (a) the Distribution Business segment, which is engaged in the provision of distribution and after-sales services for different analytical instruments, life science and general laboratory instruments; and
- (b) the Supply Chain Business segment, which is engaged in the trading of commodities, diversified industrial and consumer products.

The chief operating decision maker of the Group (“**CODM**”, identified as the executive directors of the Company and certain senior management) monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that bank interest income, dividend income, finance costs, depreciation, as well as head office and corporate administrative expenses are excluded from such measurement.

Segment revenue and results

	Distribution Business		Supply Chain Business		Total	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Segment revenue	52,045	52,085	340,628	524,530	392,673	576,615
Segment results	(1,154)	(1,174)	11,786	12,358	10,632	11,184
Bank interest income					72	629
Dividend income					650	–
Finance costs					(3,578)	(3,133)
Depreciation					(55)	(53)
Corporate administrative expenses					(5,100)	(5,382)
Profit before tax					2,621	3,245

Segment assets and liabilities

Segment assets and liabilities information is not disclosed as it is not regularly reviewed by the CODM.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. OPERATING SEGMENT INFORMATION – continued

Geographical information

	2025	2024
	HK\$'000	HK\$'000
<i>Revenue from external customers:</i>		
PRC (including Hong Kong and Macau)	253,557	367,196
Asia (other than the PRC)	92,377	175,514
Europe	46,739	33,905
	<u>392,673</u>	<u>576,615</u>

The above revenue information is based on the locations of the customers.

No geographical information about the Group's non-current assets is presented as 100% of the Group's non-current assets as at 31 December 2025 and 2024 were located in the PRC (including Hong Kong and Macau).

Information about major customers

The revenue generated from sales to each of the customers which individually contributed more than 10% of the Group's total revenue during the year is set out below:

	2025	2024
	HK\$'000	HK\$'000
Customer A from the Supply Chain Business segment	103,948	N/A*
Customer B from the Supply Chain Business segment	81,717	N/A*
Customer C from the Supply Chain Business segment	46,585	N/A*
Customer D from the Supply Chain Business segment	N/A*	103,912
Customer E from the Supply Chain Business segment	N/A*	92,598
Customer F from the Supply Chain Business segment	N/A*	59,229
Customer G from the Supply Chain Business segment	N/A*	60,891

* The corresponding revenue of these customers is not disclosed as they individually did not contribute 10% or more of the Group's total revenue for the relevant years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. REVENUE

The Group's revenue for each of the years ended 31 December 2025 and 2024 was derived from sale of goods, which represented revenue from contracts with customers.

Notes:

(a) Disaggregated revenue information

Year ended 31 December 2025

	Distribution Business	Supply Chain Business	Total
	HK\$'000	HK\$'000	HK\$'000
Types of goods or services and timing of revenue recognition			
Sale of goods, recognised at the point in time	52,045	340,628	392,673
Geographical markets			
PRC (including Hong Kong and Macau)	52,045	201,512	253,557
Asia (other than the PRC)	–	92,377	92,377
Europe	–	46,739	46,739
Total revenue from contracts with customers	52,045	340,628	392,673

Year ended 31 December 2024

	Distribution Business	Supply Chain Business	Total
	HK\$'000	HK\$'000	HK\$'000
Types of goods or services and timing of revenue recognition			
Sale of goods, recognised at the point in time	52,085	524,530	576,615
Geographical markets			
PRC (including Hong Kong and Macau)	52,085	315,111	367,196
Asia (other than the PRC)	–	175,514	175,514
Europe	–	33,905	33,905
Total revenue from contracts with customers	52,085	524,530	576,615

(b) The following table shows the amounts of revenue recognised in the current reporting period that were included in contract liabilities at the beginning of the reporting period:

	2025	2024
	HK\$'000	HK\$'000
Sale of goods	35,843	28,313

(c) No revenue recognised during the years ended 31 December 2025 and 2024 related to performance obligations satisfied or partially satisfied in previous years.

(d) Performance obligations

The performance obligation for the sale of goods is satisfied upon delivery of the goods and payment is generally due within 60 to 150 days from delivery, except for new customers, where payment in advance is normally required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. REVENUE – continued

The Group has applied the practical expedient in IFRS 15 to its revenue from the sale of goods for not disclosing the remaining performance obligations under the Group's existing contracts as all contracts in which the performance obligations are expected to be recognised as revenue have an original expected duration of one year or less.

7. OTHER INCOME AND GAINS AND LOSSES, NET

An analysis of the Group's other income and gains and losses, net is as follows:

	2025	2024
	HK\$'000	HK\$'000
Other income		
Bank interest income	72	629
Compensation income for breach of contract	1,623	–
Dividend income from equity investment designated at FVTOCI (net of withholding tax)	650	–
Government subsidies (note)	80	711
Others	31	91
	<u>2,456</u>	<u>1,431</u>
Gains and losses, net		
Fair value losses of derivative financial instruments, net	–	(949)
Fair value losses of other receivables under factoring agreement	(70)	(2,663)
Impairment losses on inventories	–	(4,291)
Foreign exchange (loss)/gain, net	(567)	550
	<u>(637)</u>	<u>(7,353)</u>
	<u>1,819</u>	<u>(5,922)</u>

Note: The amount represented the government subsidies provided to encourage foreign investments in the PRC. In the opinion of the directors of the Company, the Group has fulfilled all conditions attached to the subsidies.

8. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2025	2024
	HK\$'000	HK\$'000
Interest expenses on bank borrowings	1,012	–
Interest expenses on loan from the immediate holding company	301	525
Interest expenses on loan from a fellow subsidiary	2,265	2,608
	<u>3,578</u>	<u>3,133</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. PROFIT BEFORE TAX

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

	Notes	2025 HK\$'000	2024 HK\$'000
Cost of inventories sold		368,102	546,720
Depreciation of property, plant and equipment	15	55	53
Auditor's remuneration		1,780	1,800
Employee benefit expense (excluding directors' remuneration (note 10)):			
– Salaries, allowances and benefits in kind		5,737	5,759
– Defined contribution scheme contributions*		249	283
		5,986	6,042
(Reversal of impairment losses)/impairment losses of financial assets, net:			
Trade receivables	18(d)	(390)	412
Other receivables	19(d)	(1)	(6)
		(391)	406

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on the SEHK, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025	2024
	HK\$'000	HK\$'000
Fees	450	600
Other emoluments	–	–
	450	600

An analysis of the directors' remuneration, on a named basis, is as follows:

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Defined contribution scheme contributions bonus	Total remuneration
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2025					
Executive directors					
Mr. Hu Xiangwei*	–	–	–	–	–
Ms. Zhu Yingxue	–	–	–	–	–
Mr. Yang Jie	–	–	–	–	–
Mr. Wang Jin	–	–	–	–	–
Mr. Song Henan	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Mr. Shi Fazhen	150	–	–	–	150
Mr. Liu Zongliu	150	–	–	–	150
Ms. Jing Pilin	150	–	–	–	150
	450	–	–	–	450
	450	–	–	–	450

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. DIRECTORS' REMUNERATION – continued

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Defined contribution scheme contributions bonus	Total remuneration
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2024					
Executive directors					
Mr. Hu Xiangwei*	–	–	–	–	–
Ms. Zhu Yingxue	–	–	–	–	–
Mr. Yang Jie	–	–	–	–	–
Mr. Wang Jin	–	–	–	–	–
Mr. Song Henan	–	–	–	–	–
<hr/>					
Independent non-executive directors					
Mr. Shi Fazhen	200	–	–	–	200
Mr. Liu Zongliu	200	–	–	–	200
Ms. Jing Pilin	200	–	–	–	200
	600	–	–	–	600
	600	–	–	–	600

* Retired as an executive director on 6 June 2025

Notes:

- (a) The above directors' remuneration disclosure only included the remuneration of the directors during the period when they are directors of the Company.
- (b) There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2025 and 2024 are neither a director nor the chief executive of the Company. Details of the remuneration for the year of the five (2024: five) highest paid non-director employees are as follows:

	2025	2024
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	2,182	2,414
Performance related bonuses	615	313
Defined contribution scheme contributions	81	79
	<u>2,878</u>	<u>2,806</u>

The emoluments of the five (2024: five) highest paid non-director employees are within the following bands:

	2025	2024
	Number of individuals	Number of individuals
Nil – HK\$1,000,000	4	4
HK\$1,000,001 – HK\$1,500,000	1	1

12. INCOME TAX

An analysis of the Group's income tax is as follows:

	2025	2024
	HK\$'000	HK\$'000
PRC Corporate Income Tax		
Charge for the year	2,553	2,754
Under-provision in previous periods	966	–
	<u>3,519</u>	<u>2,754</u>

Notes:

- (a) The income tax expense of the Group is calculated at the respective statutory tax rates prevailing in the relevant jurisdictions of operations.

No provision for Hong Kong profits tax and Macau income tax was made as the Group did not have any assessment profits arising from Hong Kong and Macau for both years.

Under the Law on Corporate Income Tax of the PRC (the "PRC Corporate Income Tax Law") and the Implementation Regulation of the PRC Corporate Income Tax Law, the income tax rate applicable to subsidiaries established in the PRC is 25% (2024: 25%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. INCOME TAX – continued

Notes: – continued

- (b) A reconciliation of the tax credit applicable to profit before tax at the Hong Kong statutory tax rate to the tax expense at the Group's effective tax rate is as follows:

	2025	2024
	HK\$'000	HK\$'000
Profit before tax	2,621	3,245
Tax expense at the statutory tax rate of 16.5% (2024: 16.5%)	432	535
Higher tax rate enacted by local authority	832	1,079
Income not subject to tax	(94)	(105)
Expense not deductible for tax	135	849
Under-provision in previous periods	966	–
Tax losses utilised from previous periods	–	(664)
Tax losses not recognised	1,248	1,060
Tax expense	3,519	2,754

- (c) At 31 December 2025, deferred tax assets have not been recognised in respect of unused tax losses and temporary differences arising from impairment provision with an aggregate amount of approximately HK\$52.2 million (2024: HK\$51.1 million) as they have arisen in the Company and certain subsidiaries that have been loss-making for some time and it is not probable that taxable profits will be available against which such tax losses can be utilised. Out of this amount, tax losses of HK\$3.0 million (2024: HK\$9.4 million) will expire in one to five years.

13. DIVIDENDS

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

14. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY OWNERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the loss for the year attributable to ordinary equity owners of the parent of HK\$898,000 (2024: profit for the year attributable to ordinary equity owners of the parent of HK\$491,000), and the weighted average number of ordinary shares of 275,437,000 (2024: 275,437,000) in issue during the year.

No adjustment has been made to the basic (loss)/earnings per share amount presented for each of the years ended 31 December 2025 and 2024 for a dilution as the Group had no potential ordinary shares in issue during these years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Machinery and equipment	Furniture and fixtures	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
31 December 2025				
At 1 January 2025				
Cost	438	928	112	1,478
Accumulated depreciation and impairment	(438)	(869)	(66)	(1,373)
Net carrying amount	–	59	46	105
Net carrying amount:				
At 1 January 2025	–	59	46	105
Additions	–	15	3	18
Depreciation provided during the year	–	(34)	(21)	(55)
Exchange realignment	–	4	(2)	2
At 31 December 2025	–	44	26	70
At 31 December 2025:				
Cost	438	1,027	114	1,579
Accumulated depreciation and impairment	(438)	(983)	(88)	(1,509)
Net carrying amount	–	44	26	70
	Leasehold improvements	Machinery and equipment	Furniture and fixtures	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
31 December 2024				
At 1 January 2024				
Cost	438	898	114	1,450
Accumulated depreciation and impairment	(438)	(840)	(46)	(1,324)
Net carrying amount	–	58	68	126
Net carrying amount:				
At 1 January 2024	–	58	68	126
Additions	–	33	–	33
Depreciation provided during the year	–	(32)	(21)	(53)
Exchange realignment	–	–	(1)	(1)
At 31 December 2024	–	59	46	105
At 31 December 2024:				
Cost	438	928	112	1,478
Accumulated depreciation and impairment	(438)	(869)	(66)	(1,373)
Net carrying amount	–	59	46	105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025	2024
	HK\$'000	HK\$'000
Equity securities, at fair value		
Unlisted equity securities	54,390	40,877
Analysed as:		
Non-current assets	54,390	40,877

The equity investment designated at FVTOCI is an unlisted equity investment that represented 6.67% equity interest of YEIG Dayao Green Energy Generation Co., Ltd. (“**Dayao Green Energy**”), a private entity incorporated in the PRC, which is responsible for the development, construction, operation and management of the green energy project. The Group designated its investment in Dayao Green Energy at FVTOCI, as it is held for long-term strategic purpose and this classification helps to avoid the volatility of fair value changes effecting the profit or loss. RMB659,000 (equivalent to HK\$722,000) of dividend was declared and received on this investment during the year ended 31 December 2025 (2024: Nil), subject to withholding tax of 10%. The net amount of HK\$650,000 was recognised as dividend income in profit or loss. Additional investment of RMB10,483,000 (equivalent to HK\$11,352,000) was made to Dayao Green Energy by the Group during the year ended 31 December 2025, in accordance with the equity transfer agreement dated 19 January 2024 entered into between the Group, a subsidiary of Yunnan Provincial Energy Investment Group Co., Ltd and Dayao Green Energy. Details of the equity transfer agreement was disclosed in the circular of the Company dated 23 February 2024.

17. INVENTORIES

	2025	2024
	HK\$'000	HK\$'000
Finished goods	40,661	72,401

Inventories of the Group as at 31 December 2025 and 2024 are goods held for trading by the Supply Chain Business.

The directors of the Company have assessed the net realisable values and condition of the Group’s inventories as at 31 December 2025 and for the year then ended, no impairment losses (2024: HK\$4,291,000) have been provided against the inventories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. TRADE RECEIVABLES

	2025	2024
	HK\$'000	HK\$'000
Trade receivables	211,928	147,137
Provisionally priced receivable (note (b))	–	1,103
Impairment losses recognised (note (d))	(6,247)	(6,531)
	<u>205,681</u>	<u>141,709</u>

Notes:

- (a) The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 60 days, extending up to 150 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Except for collection of trade debts arising from trading with overseas customers which is covered by insurance policies, the Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.
- (b) As at 31 December 2024, the Group held a provisionally priced receivable of US\$142,000 (equivalent to HK\$1,103,000) arising from copper cathode trading contracts with two customers. This receivable was accounted for as an embedded derivative under IFRS 9. The final sales price was determined based on the average quoted market prices of copper cathode on the London Metal Exchange during the first to third month after delivery, less applicable discounts. Changes in fair value were calculated using relevant forward market prices and recognised in "other income and gains and losses, net" in profit or loss. During the year ended 31 December 2025, the Group did not enter into any new copper cathode trading contracts with provisional pricing arrangements, and all prior year contracts were fully settled. Accordingly, no provisionally priced receivable was outstanding as at 31 December 2025.
- (c) An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025	2024
	HK\$'000	HK\$'000
0 to 90 days	92,378	97,046
91 to 120 days	55,047	31,850
121 to 365 days	50,055	9,743
Over 365 days	8,201	3,070
	<u>205,681</u>	<u>141,709</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. TRADE RECEIVABLES – continued

Notes: – continued

(d) The movements in the loss allowance for impairment of trade receivables during the year are as follows:

	2025	2024
	HK\$'000	HK\$'000
At 1 January	6,531	7,000
(Reversal of impairment losses)/impairment losses recognised during the year, net	(390)	412
Amounts written off as uncollectible	–	(795)
Exchange realignment	106	(86)
At 31 December	6,247	6,531

Set out below is the information about the credit risk exposure on the Group's trade receivables, using a provision matrix or, for external customers with credit deterioration, assessing on an individual basis:

At 31 December 2025

	Ageing based on the invoice date			Total
	Less than 1 year	1 to 2 years	Over 2 years	
Group 1 – Distribution Business				
Effective expected credit loss rate	0.46%	0.41%	100.00%	
Gross carrying amount (HK\$'000)	35,568	733	4,858	41,159
Expected credit losses (HK\$'000)	162	3	4,858	5,023
Group 2 – Supply Chain Business				
Effective expected credit loss rate	0.73%	0.41%	N/A	
Gross carrying amount (HK\$'000)	163,267	7,502	–	170,769
Expected credit losses (HK\$'000)	1,193	31	–	1,224

At 31 December 2024

	Ageing based on the invoice date			Total
	Less than 1 year	1 to 2 years	Over 2 years	
Group 1 – Distribution Business				
Effective expected credit loss rate	0.54%	N/A	100.00%	
Gross carrying amount (HK\$'000)	33,624	–	5,330	38,954
Expected credit losses (HK\$'000)	181	–	5,330	5,511
Group 2 – Supply Chain Business				
Effective expected credit loss rate	0.90%	2.23%	N/A	
Gross carrying amount (HK\$'000)	105,043	3,140	–	108,183
Expected credit losses (HK\$'000)	950	70	–	1,020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2025 HK\$'000	2024 HK\$'000
Prepayments	(a)	47,591	64,530
Deposits and other receivables	(b)&(d)	16,611	1,029
Value-added tax recoverable		22,352	17,835
Due from a fellow subsidiary	(c)&(d)	–	16
Other receivables under factoring agreement	(e)	6,129	10,751
		92,683	94,161
Impairment allowance		(607)	(592)
		92,076	93,569

Notes:

- (a) Prepayments mainly comprise advance payments for purchase of inventories held for trading and other expenses. Included in the prepayments was mainly an advance payment for the purchase of coal for trading (“**Advance Payment**”) of RMB31,752,000 (equivalent to HK\$35,154,000) (2024: RMB34,752,000, equivalent to HK\$37,528,000). Delivery of coal for trading had been delayed.

On 8 January 2025, a mediation agreement (“**Mediation Agreement**”) was signed with an agreed repayment schedule, under which the advance payment plus accrued interest will be fully repaid before 31 December 2026. The Group holds: (i) the entire equity interest in one of the vendor’s wholly owned subsidiaries; and (ii) a partial equity interest in another wholly owned subsidiary of the vendor, as collaterals. Each of these subsidiaries holds a coal mine. In addition, as agreed in the Mediation Agreement, the counterparties guaranteed to give the right of priority repayment of the government subsidy receivable of approximately RMB54,679,000 to the Group to repay the advance payment.

During the year ended 31 December 2025, only RMB3,000,000 was settled as scheduled. The rest of the installments were not received. The Group applied for compulsory enforcement to the assets and equity interest of the vendor, which was approved by the relevant court in PRC. This case is in the course of legal enforcement.

Based on the current market value of coal from expected delivery and the value of the pledged collateral, the Group is of the opinion that no impairment provision over the prepayment is considered necessary as at 31 December 2025 (2024: nil).

- (b) Deposits and other receivables mainly comprise tendering deposits and performance pledged deposits.
- (c) The amount due from a fellow subsidiary is unsecured, interest-free and has no fixed term of repayment.
- (d) In respect of the impairment consideration of the Group’s deposits and other receivables and due from a fellow subsidiary, an impairment analysis is performed at each reporting date using the probability of default approach to measure expected credit losses. The probabilities of default rates are estimated based on comparable to the debtors with published credit ratings. At 31 December 2025, the probability of default applied for deposits and other receivables and due from a fellow subsidiary ranged from 1.34% to 100% (2024: 1.38% to 100%) and the loss given default was estimated to be ranging from 61.70% to 100% (2024: 62.00% to 100%).

In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The movements in the loss allowance for impairment of deposits and other receivables and due from a fellow subsidiary during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	592	613
Reversal of impairment losses recognised during the year, net	(1)	(6)
Exchange realignment	16	(15)
At 31 December	607	592

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES – continued

Notes: – continued

- (e) On 30 December 2024, the Company entered into a non-recourse factoring agreement with Union Resources & Engineering (Hong Kong) Company Limited (“**UREC (HK)**”) to factor approximately US\$1.7 million of the Company’s accounts receivables. UREC (HK) is an associate of Yunnan Provincial Energy Investment Group Co. Ltd, the Company’s ultimate holding company and a connected person under Chapter 14A of the Listing Rules. Further details are set out in the Company’s announcement dated 30 December 2024. The above factoring arrangement constitutes an exempted connected transactions as defined under Chapter 14A of the Listing Rules. The Group received approximately US\$0.7 million in factoring proceeds during the year ended 31 December 2025. The change in fair value arising was recognised in “other income and gains and losses, net” in the profit or loss. During the year ended 31 December 2025 factoring amount of US\$0.5 million, which was scheduled to be received by the Company on 31 December 2025, was extended to 31 December 2026.

20. CASH AND CASH EQUIVALENTS

	2025	2024
	HK\$'000	HK\$'000
Cash and bank balances	57,557	63,144
Time deposits	–	2,919
Cash and cash equivalents	57,557	66,063

Notes:

- (a) At 31 December 2025, the cash and bank balances of the Group denominated in Renminbi (“**RMB**”) amounted to RMB49,586,000 (equivalent to HK\$54,899,000) (2024: RMB57,434,000 (equivalent to HK\$60,021,000)). The RMB is not freely convertible into other currencies, however, under Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.
- (b) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

21. TRADE PAYABLES

	2025	2024
	HK\$'000	HK\$'000
Trade payables	104,100	54,455
Provisionally priced payable (note (b))	–	1,094
	104,100	55,549

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follow:

	2025	2024
	HK\$'000	HK\$'000
0 to 60 days	68,444	17,918
61 to 180 days	2,227	18,779
Over 181 days	33,429	18,852
	104,100	55,549

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. TRADE PAYABLES – continued

Notes:

- (a) The trade payables are non-interest-bearing and are normally settled on terms ranging from 60 days to 90 days.
- (b) As at 31 December 2024, the Group held a provisionally priced payable of US\$141,000 (equivalent to HK\$1,094,000) arising from a copper cathode trading contract with a supplier. This payable was accounted for as an embedded derivative under IFRS 9. The final purchase price was determined based on the average quoted market prices of copper cathode on the London Metal Exchange during the first to third month after delivery, less applicable discounts. Changes in fair value were calculated using relevant forward market prices and recognised in “other income and gains and losses, net” in profit or loss. During the year ended 31 December 2025, the Group did not enter into any new copper cathode trading contracts with provisional pricing arrangements, and all prior year contracts were fully settled. Accordingly, no provisionally priced payable was outstanding as at 31 December 2025.

22. OTHER PAYABLES AND ACCRUALS

	Notes	2025 HK\$'000	2024 HK\$'000
Accruals		2,853	2,519
Contract liabilities – customers’ deposits	(a)	28,459	35,843
Other payables	(b)	299	353
Due to a fellow subsidiary	(c)	5	80
		31,616	38,795

Notes:

- (a) Details of the Group’s contract liabilities are as follows:

	31 December 2025 HK\$'000	31 December 2024 HK\$'000	1 January 2024 HK\$'000
Short-term advances received under the Distribution Business	1,595	1,322	6,546
Short-term advances received under the Supply Chain Business	26,864	34,521	21,767
	28,459	35,843	28,313

Contract liabilities include short-term advances received from customers for the supply of goods by the Group. The increase in contract liabilities in 2025 was mainly due to the expansion of the Distribution Business and the Supply Chain Business during the year and customers’ deposits were received close to the year end for sale of goods which will be completed in 2026.

- (b) Other payables are non-interest-bearing and have an average term of three months.
- (c) The amount due to a fellow subsidiary is unsecured, interest-free and has no fixed term of repayment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. LOAN FROM A FELLOW SUBSIDIARY

The loan balance as at 31 December 2025 was a loan advanced to the Group from YEIG International Consulting (Beijing) Co., LTD., a fellow subsidiary, pursuant to a loan agreement dated 28 March 2024 entered into between the two parties with a total loan facility of RMB180,000,000. This loan was unsecured, bearing an interest at the rate of 2.50% per annum, the parties executed a supplemental agreement on 9 April 2025, whereby the remaining loan principal of RMB100,000,000 was extended for a maximum period of one year and the interest rate was reset to 2.90% per annum, which could be repaid before the maturity date as mutually agreed between the two parties. As at 31 December 2025, the outstanding balance under this loan facility amounted to RMB54,456,000 (equivalent to HK\$60,291,000), which included an interest payable of RMB4,456,000 (equivalent to HK\$4,933,000).

The above loan arrangements with a fellow subsidiary constitutes an exempted connected transaction as define under Chapter 14A of the Listing Rules.

24. BANK BORROWINGS

	2025	2024
	HK\$'000	HK\$'000
Bank loans (unsecured)	71,965	–
Less: Amount due for settlement within 12 months (shown under current liabilities)	(71,965)	–
Amount due for settlement after 12 months	–	–
The borrowings are repayable as follows:		
On demand or within one year	71,965	–

The carrying amounts of the Group's borrowings are denominated in RMB.

The average interest rates were as follows:

	2025	2024
	2.76%	–

All borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. LOAN FROM THE IMMEDIATE HOLDING COMPANY

The loan balance as at 31 December 2025 was a loan advanced to the Group from Yunnan Energy Investment (HK) Co. Limited, an immediate holding company, pursuant to a loan agreement dated 18 March 2025 entered into between the two parties with a total loan facility of RMB10,500,000. This loan was unsecured, bearing an interest at the rate of 3.29% per annum with a maturity date as of 17 March 2028, which could be repaid before the maturity date as mutually agreed between the two parties. As at 31 December 2025, the outstanding balance under this loan facility amounted to RMB10,628,000 (equivalent to HK\$11,764,000), which included an interest payable of RMB128,000 (equivalent to HK\$139,000).

The above loan arrangement with the immediate holding company constitutes an exempted connected transaction as define under Chapter 14A of the Listing Rules.

26. SHARE CAPITAL

	2025	2024
	HK\$'000	HK\$'000
Authorised:		
800,000,000 ordinary shares of USD0.05 each	312,000	312,000
Issued and fully paid:		
275,437,000 ordinary shares of USD0.05 each	107,420	107,420

27. RESERVES

- (a) The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.
- (b) Contribution surplus comprises:
- (i) the difference between the combined share capital of the entities in the merged group and the share capital of the Company arising from a group reorganisation undertaken in 2004; and
 - (ii) effects of changes in ownership interests in subsidiaries when there is no change in control.

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

The Group did not have other major non-cash investing and financing activities during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS – continued

(b) Change in liabilities arising from financing activities

	Accrued	Bank borrowings	Loan from a	Loan from the	Total
	interest on bank		fellow subsidiary	immediate	
	borrowings			holding company	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	-	-	-	91,446	91,446
Changes from financing cash flows	-	-	153,379	(91,315)	62,064
Interest expense	-	-	2,608	525	3,133
Exchange realignment	-	-	(2,235)	(656)	(2,891)
At 31 December 2024 and 1 January 2025	-	-	153,752	-	153,752
Changes from financing cash flows	(952)	70,947	(93,705)	11,464	(12,246)
Interest expense	1,012	-	2,265	301	3,578
Exchange realignment	-	1,018	(2,021)	(1)	(1,004)
At 31 December 2025	60	71,965	60,291	11,764	144,080

29. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the year:

	Notes	2025	2024
		HK\$'000	HK\$'000
Interest paid and payable on a loan from the immediate holding company	(i)	301	525
Interest paid and payable on a loan from a fellow subsidiary	(i)	2,265	2,608
Purchase of goods from fellow subsidiaries	(ii)	678	-

(i) Details of the loan from the immediate holding company and loan from a fellow subsidiary is set out in notes 25 and 23 to the financial statements. The loan arrangements with the immediate holding company and a fellow subsidiary are exempted connected transactions as defined under Chapter 14A of the Listing Rules.

(ii) The transaction was made between the Company and fellow subsidiaries, 雲南能投硅材科技發展有限公司 and 雲南永昌硅業股份有限公司, for purchase of silicone wire product. The transaction constituted an exempted connected transactions as defined under Chapter 14A of the Listing Rules.

(iii) The Group's office in Hong Kong was rented by Yunnan Energy Investment (HK) Co. Limited, the immediate holding company; and the Group's office in Kunming was owned by Yunnan Provincial Energy Investment Group Co. Ltd, the ultimate holding company, which provide the office space and furniture to the Group for use without a compensation. These arrangements are exempted connected transactions as defined under Chapter 14A of the Listing Rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. RELATED PARTY TRANSACTIONS – continued

(b) Outstanding balances with related parties:

Details of the loan from the immediate holding company are disclosed in note 25 to the financial statements.

Details of the loan from a fellow subsidiary are disclosed in note 23 to the financial statements.

Details of the Group's amount due to a fellow subsidiary are disclosed in note 22(c) to the financial statements.

Details of the Group's amount due from a fellow subsidiary are disclosed in note 19(c) to the financial statements.

Details of the other receivables under factoring agreement from a connected person as define under Chapter 14A of the Listing Rules are disclosed in note 19(e) to the financial statements.

(c) Transactions with other state-owned entities in Chinese Mainland

The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively “**Other SOEs**”). During the year, the Group has transactions with Other SOEs including, but not limited to, the sale of raw materials, bank deposits, and utilities consumptions. Approximately 18% of the Group's revenue for the year ended 31 December 2025 was generated from transactions with certain of these Other SOEs (2024: 37%). The directors consider that the transactions with Other SOEs are activities in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and Other SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are Other SOEs. Having due regard to the substance of the relationships, the Company's directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure.

(d) Compensation of key management personnel of the Group

	2025	2024
	HK\$'000	HK\$'000
Short term employee benefits	1,021	1,044
Post-employment benefits	18	18
Total compensation paid to key management personnel	1,039	1,062

Further details of directors' emoluments are included in note 10 to the financial statements.

30. FINANCIAL INSTRUMENTS BY CATEGORY

Except for derivative financial instruments being classified as financial assets and liabilities as FVTPL as disclosed in notes 18(b) and 21(b) to the financial statements and unlisted equity investment being classified as equity investment designated at FVTOCI as disclosed in note 16 to the financial statements, all financial assets and financial liabilities of the Group as at 31 December 2025 and 2024 are classified as financial assets and financial liabilities at amortised cost, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The directors of the Company consider that the fair values of financial assets and financial liabilities which are due to be received or settled within one year approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Company's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements.

Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Company will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Reconciliation of assets measured at fair value based on level 3:

	Equity investment designated at FVTOCI
	HK\$'000
At 1 January 2024	–
Addition	40,025
Total gains recognised in other comprehensive income	852
At 31 December 2024 and 1 January 2025	40,877
Addition	11,352
Total gains recognised in other comprehensive income	2,161
At 31 December 2025	54,390

Included in other comprehensive income is a gain of HK\$2,161,000 (2024: HK\$852,000) relating to unlisted equity security classified as equity investment designated at FVTOCI held at the end of the current reporting period and is reported as fair value changes of equity investment designated at FVTOCI in the statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS – continued

Financial assets/ financial liabilities	Fair value as at 31/12/2025	Fair value as at 31/12/2024	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity analysis
Unlisted equity investments at FVTOCI (note 16)	54,390	40,877	Level 3	Income approach – discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate	Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, which is 2% (2024: (0.5)%)	A slight increase in the revenue growth rate used would result in a significant increase in fair value of the investment, and vice versa
					Long-term pre-tax operating margin, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 27.0% to 35.0% (2024: 22.0% to 59.0%)	A slight increase in the long-term pre-tax operating margin used would result in a slight increase in fair value of the investment, and vice versa
					Discount rate, taking into account weighted average cost of capital determined using a Capital Asset Pricing Model, which is 6.23% (2024: 6.6%)	A slight increase in the discount rate used would result in a significant decrease in fair value of the investment, and vice versa
					Discount for lack of marketability of 9.0% (2024: 9.0%)	A slight increase in the discount for lack of marketability used would result in a significant decrease in fair value of the investment, and vice versa
					Discount for lack of control of 17.0% (2024: 17.0%)	A slight increase in the discount for lack of control used would result in a significant decrease in fair value of the investment, and vice versa
Derivative financial instruments (notes 18 and 21)	Assets: nil Liabilities: nil	Assets: 1,103 Liabilities: (1,094)	Level 2 Level 2	Reference to adjusted copper cathode quoted prices in active market	Adjusted copper cathode quoted prices in active market	The change in the adjusted copper cathode price is directly proportional to the change in the derivative financial instrument
Other receivables under factoring agreement (note 19)	6,129	10,751	Level 2	Discounted cash flow	Discount rate of 12% (2024: 6%)	A slight increase in the discount rate used would result in a significant decrease in fair value of the investment, and vice versa

During the year, there were no transfers of fair value measurements between level 1 and level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2024: nil).

The Group's financial instruments mainly include cash and bank balances, trade receivables, deposits and other receivables, equity investments designated at FVTOCI, trade payables, other payables and accruals, bank borrowings, loan from a fellow subsidiary and loan from the immediate holding company. Details of these financial instruments are disclosed in the respective notes to the financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out in note 32 below. Management manages and monitors these exposures to ensure that appropriate risk management measures are implemented in a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include equity investment designated at FVTOCI, trade receivables, deposits and other receivables, cash and cash equivalents, trade payables, other payables and accruals, bank borrowings, loan from a fellow subsidiary and loan from the immediate holding company. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments including market risk, credit risk and liquidity risk. According to the Group's risk management policies and guidelines, the financial risk shall be assessed continuously by the management taken into account of the prevailing conditions of the financial market and other relevant variables to avoid excessive concentrations of risk. The most significant financial risks to which the Group is exposed to are described below.

Market risk

(i) Foreign exchange risk

The Group has sales and purchases denominated in foreign currencies, which exposes the Group to foreign currency risk. The Group's sales and purchases are principally transacted in the United States dollars and Renminbi. Expenses incurred are generally denominated in Hong Kong dollars and Renminbi, which are the functional currencies of the group entities operating in Hong Kong and the PRC, respectively. The Group does not expect any significant exposure to foreign exchange fluctuations and shall use derivative contracts to hedge against its exposure to currency risk only when it is required. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

(ii) Interest rate risk management

The Group is exposed to cash flow interest rate risk in relation to bank deposits and bank borrowings and the Group considered that the Group's exposure to cash flow interest rate risk is insignificant.

Credit risk

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-ratings agencies.

The Group trades only with recognised and creditworthy third parties and in respect of trading transactions with overseas customers, the collection of trade debts is covered by insurance policies purchased by the Group. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The Group has concentration of credit risk as 33.60% (2024: 39.46%) and 93.39% (2024: 93.15%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively at 31 December 2025.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – continued

The amounts presented are gross carrying amounts for financial assets.

At 31 December 2025

	12-month ECL	Lifetime ECLs			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Trade receivables*	–	–	–	211,928	211,928
Financial assets included in deposits and other receivables					
– Normal**	814	15,196	–	–	16,010
– Doubtful**	–	–	601	–	601
Cash and cash equivalents					
– Not yet past due	57,557	–	–	–	57,557
	58,371	15,196	601	211,928	286,096

At 31 December 2024

	12-month ECL	Lifetime ECLs			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Trade receivables*	–	–	–	147,137	147,137
Financial assets included in deposits and other receivables					
– Normal**	459	–	–	–	459
– Doubtful**	–	–	586	–	586
Cash and cash equivalents					
– Not yet past due	66,063	–	–	–	66,063
	66,522	–	586	147,137	214,245

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the financial statements.

** The credit quality of the financial assets included in deposits and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – continued

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of other borrowings and ensures compliance with loan covenants.

Liquidity and interest risk analyses

The following table details the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than 1 year or repayable on demand	1 – 5 years	Undiscounted cash flow	Carrying amounts
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2025					
Trade payables	–	104,100	–	104,100	104,100
Other payables and accruals	–	3,152	–	3,152	3,152
Due to a fellow subsidiary	–	5	–	5	5
Loan from a fellow subsidiary	2.90	61,896	–	61,896	60,291
Bank borrowings	2.76	73,951	–	73,951	71,965
Loan from the immediate holding company	3.29	–	12,149	12,149	11,764
		243,104	12,149	255,253	251,277
At 31 December 2024					
Trade payables	–	55,549	–	55,549	55,549
Other payables and accruals	–	2,872	–	2,872	2,872
Due to a fellow subsidiary	–	80	–	80	80
Loan from a fellow subsidiary	2.50	154,961	–	154,961	153,752
		213,462	–	213,462	212,253

Capital 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 shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of debt which includes the loan from the immediate holding company and loan from a fellow subsidiary as disclosed in notes 25 and 23 to the financial statements, and equity attributable to shareholders of the Company, comprising issued share capital, reserves and accumulated losses as disclosed in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – continued

Capital management – continued

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall structure through the payment of dividends, issue of new shares and share buy-backs as well as the issue of new debts or the redemption of existing debts.

33. RETIREMENT BENEFIT PLANS

The Group operates the MPF Scheme for all qualifying employees in Hong Kong. The assets of the above scheme are held separately from those of the Group in funds under the control of trustees. The Group contributes at the lower of HK\$1,500 per month or 5% of the relevant payroll costs to the MPF Scheme.

The employees employed by the PRC subsidiaries are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

The total expenses recognised in profit or loss of HK\$249,000 (2024: HK\$283,000) represent contributions payable to these schemes by the Group in respect of the current accounting period and contributions to the schemes vests immediately. No forfeited contribution is available to reduce the contribution payable in the future years at 31 December 2025 and 2024.

34. LITIGATIONS AND CONTINGENT LIABILITIES

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

35. COMMITMENTS

As at 31 December 2025, the Group had no material capital commitments (2024: nil).

36. EVENTS AFTER THE REPORTING PERIOD

The Company entered into a master purchase agreement dated 14 January 2026 with Yunnan Energy Green New Materials Co., Ltd* (雲南能投綠色新材有限責任公司) to purchase silicon materials (organic silicon/ industrial silicon) from Yunnan Energy New Materials Group (as defined in the circular of the Company dated 12 February 2026 (the “Circular”). The annual caps of the continuing connected transactions under the Master Purchase Agreement are approximately HK\$172.0 million and HK\$172.0 million for the two years ending 31 December 2027 respectively. The resolution was duly passed by the shareholders by way of poll at the special general meeting of the Company on 27 February 2026.

For further details, please refer to the announcements of the Company dated on 14 January 2026, 12 February 2026 and 27 February 2026, and the Circular.

Save for those abovementioned disclosed, there was no significant event affecting the Group which occurred after the end of 31 December 2025 and up to the date of this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. FINANCIAL INFORMATION OF THE COMPANY

Information about the statement of financial position of the Company as at the end of the reporting period is as follows:

	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	7	14
Equity investment designated at FVTOCI	54,390	40,877
Investments in subsidiaries	302,435	302,435
Total non-current assets	356,832	343,326
CURRENT ASSETS		
Trade receivables	–	1,103
Prepayments and other receivables	6,499	11,136
Due from subsidiaries	1,504	1,921
Cash and cash equivalents	1,955	3,840
Total current assets	9,958	18,000
CURRENT LIABILITIES		
Trade payables	–	1,094
Other payables and accruals	2,735	2,603
Due to subsidiaries	216,784	216,620
Total current liabilities	219,519	220,317
NET CURRENT LIABILITIES	(209,561)	(202,317)
TOTAL ASSETS LESS CURRENT LIABILITIES	147,271	141,009
NON-CURRENT LIABILITY		
Loan from the immediate holding company	11,764	–
Total non-current liability	11,764	–
NET ASSETS	135,507	141,009
EQUITY		
Issued capital	107,420	107,420
Reserves (note)	28,087	33,589
TOTAL EQUITY	135,507	141,009

Note: A summary of the Company's reserves is as follows:

	Share premium account HK\$'000	Contributed surplus HK\$'000	Investment revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	143,392	3,071	–	(104,220)	42,243
Loss for the year and total comprehensive income/(loss) for the year	–	–	852	(9,506)	(8,654)
At 31 December 2024 and 1 January 2025	143,392	3,071	852	(113,726)	33,589
Loss for the year and total comprehensive income/(loss) for the year	–	–	2,161	(7,663)	(5,502)
At 31 December 2025	143,392	3,071	3,013	(121,389)	28,087

38. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 25 March 2026.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years, as extracted from the Company's audited consolidated financial statements and the annual report for the year ended 31 December 2025, is set out below:

RESULTS

	Year ended 31 December				
	2021	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	84,106	288,089	341,863	576,615	392,673
(Loss)/profit before tax from the continuing operations	(26,840)	(8,877)	(4,628)	3,245	2,621
Income tax	(112)	–	(342)	(2,754)	(3,519)
(Loss)/profit for the year	(26,952)	(8,877)	(4,970)	491	(898)
(Loss)/profit for the year attributable to owners of the parent	(26,952)	(8,877)	(4,970)	491	(898)

ASSETS AND LIABILITIES

	As at 31 December				
	2021	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	268,129	221,845	318,757	414,724	450,435
Total liabilities	(80,104)	(50,462)	(153,428)	(250,607)	(282,049)
Total equity	188,025	171,383	165,329	164,117	168,386
Equity attributable to owners of the parent	188,025	171,383	165,329	164,117	168,386