



Huashi Group Holdings Limited
华视集团控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1111



2025
ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Jicheng (Chairman and Chief Executive Officer)
Ms. Chen Jizhen (Vice Chairman)
(Appointed on 27 March 2025)
Mr. Zhang Bei
Ms. Xue Yuchun
Ms. Wang Shujin (Retired on 27 June 2025)

Independent Non-executive Directors

Dr. He Weifeng
Mr. Peng Litang
Mr. Li Guangdou
Mr. How Sze Ming (Resigned on 27 June 2025)

AUDIT COMMITTEE

Dr. He Weifeng (Chairman)
Mr. Peng Litang
Mr. Li Guangdou

REMUNERATION COMMITTEE

Mr. Peng Litang (Chairman)
Dr. He Weifeng
Ms. Chen Jizhen (Appointed on 29 August 2025)
Ms. Wang Shujin (Retired on 27 June 2025)

NOMINATION COMMITTEE

Mr. Chen Jicheng (Chairman)
Mr. Li Guangdou
Mr. Peng Litang

COMPANY SECRETARY

Ms. Lai Janette Tin Yun

AUTHORISED REPRESENTATIVES

Ms. Xue Yuchun
Ms. Lai Janette Tin Yun

REGISTERED OFFICE

71 Fort Street
PO Box 500, George Town
Grand Cayman KY1-1106
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1915, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

1st Floor, Block 2 Office Building
Phase II Shuisheng Keji Yuan
1 Chagang Xincun Dongyuan
Wuchang District, Wuhan
Hubei Province, the PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Appleby Global Services (Cayman) Limited
71 Fort Street
PO Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

CORPORATE INFORMATION

AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor under the
Accounting and Financial Reporting Council Ordinance
25th Floor, Wing On Centre
111 Connaught Road Central
Central, Hong Kong

LEGAL ADVISORS

As to Hong Kong law:

HL Lawyers

Unit 903, 9/F
100 Granville Road
Tsim Sha Tsui
Hong Kong

As to PRC law:

Beijing Tian Yuan Law Firm
Unit 509, Block A, International Enterprise Building
No. 35 Financial Street
Xicheng District, Beijing
the PRC

Hubei Huanghe Law Firm

Rooms 2-6
4th Floor, Building 3
Plot K3, Han Street Wuhan Central
Cultural Tourism District
86 Zhongbei Road, Shuiguohu Street
Wuchang District, Wuhan
the PRC

PRINCIPAL BANKERS

China Merchants Bank Co., Ltd.
Wuhan Shuiguohu Sub-branch
No. 15, Shuiguohuheng Road, Wuchang District
Wuhan
Hubei Province, the PRC

Shanghai Pudong Development Bank Co., Ltd.
Wuhan Xudong Sub-branch
No. 163-7, Tiejia Road, Hongshan District
Wuhan
Hubei Province, the PRC

Wuhan Rural Commercial Bank Co., Ltd.
Youyi Avenue Sub-branch
No. 19 Youyi Avenue, Jiyuqiao Street, Wuchang District
Wuhan
Hubei Province, the PRC

COMPANY WEBSITE

www.youmeimu.com

STOCK CODE

1111

LISTING DATE

10 November 2023

FINANCIAL SUMMARY

For the years ended 31 December

Year-on-Year

2025 2024 Changes
(RMB,000,000, except for percentage)

Revenue	290.9	288.5	0.8%
Gross profit	180.0	159.5	12.9%
Profit before income tax expense	94.9	100.2	(5.3%)
Profit for the year	71.4	80.6	(11.4%)
Adjusted net profit	71.4	80.6	(11.4%)

For the years ended 31 December

2025 2024 2023 2022 2021
(RMB,000,000)

Revenue	290.9	288.5	234.7	207.2	157.6
Gross profit	180.0	159.5	149.9	103.3	57.7
Profit before income tax expense	94.9	100.2	78.8	55.6	23.2
Profit for the year	71.4	80.6	65.0	45.7	18.5
Adjusted net profit	71.4	80.6	80.7	50.4	29.9

As at 31 December

2025 2024 2023 2022 2021
(RMB,000,000)

Non-current assets	108.1	60.3	71.4	34.0	21.5
Current assets	551.8	462.4	422.6	128.7	68.2
Current liabilities	212.3	150.7	206.6	62.4	32.3
Non-current liabilities	33.0	28.7	24.8	6.1	9.0
Total equity attributable to owners of the parent	414.6	343.2	262.6	94.1	48.5

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Group's annual results for the year ended 31 December 2025.

The Group is a branding, advertising and marketing service provider located in Hubei Province, the PRC, by partnering with various media resource providers to provide services throughout the value chain from market research (through partnering with research institutions) to branding, advertising and marketing project execution, and assists brand owners, advertisers and advertising agencies to develop and implement effective service solutions to achieve their promotional demand and marketing targets, thereby further enhancing the reputation of their brands among the targeted people and increase the competitiveness and market share of their products or services.

In 2025, the international situation was complex and volatile, and affected by geopolitical tensions and fluctuating tariff policies, the momentum of global economic growth slowed down. Trade protectionism was dampening business investment and consumer confidence, and the advertising and marketing industry was facing similar pressures. In the face of external uncertainties, relevant Chinese authorities have implemented a number of measures to promote the industry's stable and healthy development. The State Administration for Market Regulation issued the "Combinatorial" Enterprise Assistance Policy Guidelines for the Advertising Industry (《廣告產業「組合式」助企政策指引》), carried out the rectification of the advertising market order, reduced burdens and empowered advertising operating entities to promote the healthy development of the advertising industry; the State Council issued the Guiding Opinions on Deepening the Implementation of the "Artificial Intelligence+" Action (《關於深入實施「人工智能+」行動的意見》) to promote the application of Artificial Intelligence ("AI") in advertising creativity and precise placement. According to the data on the operation of the national economy in 2025 released by the National Bureau of Statistics of the PRC, in 2025, China's gross domestic product (GDP) grew by 5.0% year-on-year, while total retail sales of consumer goods for the year grew by 3.7% year-on-year, maintaining a stable and positive trend in economic development.

Facing changes in the overall industry environment, the Group continuously improved its core business capabilities and adhered to steady operations. Relying on years of industry accumulation, we deeply explored high-quality customer resources and omni-channel media resources, consolidated long-term stable relationships with industry chain partners, and adopted flexible marketing strategies to provide customers with full-process one-stop marketing solutions, helping customers to enhance their brand value. During the Reporting Period, the Group entered into new strategic cooperation agreements with several key customers to carry out strategic cooperation in diverse fields, with a cooperation coverage comprising digital economy, urban brand IP, smart government affairs, and smart cultural tourism, broadening the boundaries of cooperation.

We leveraged the advantages of various professional qualifications including CNAA 1 first-class advertising enterprise and high and new technology enterprise, to continuously create industry benchmark service projects. During the Reporting Period, the "Caidian District 2025 Cultural Tourism Consumption Season Launch Ceremony (蔡甸區二零二五年文化旅遊消費季啟動儀式)" organized and executed by us achieved considerable cross-platform communication volume and offline traffic; the "Daye Urban Cultural Tourism IP Creation" project, for which we were fully responsible, won the Silver Award at the 9th DMAA Digital Marketing Annual Awards, demonstrating that our professional service capabilities have gained authoritative recognition in the industry.

CHAIRMAN'S STATEMENT

The Group also continuously explored effective paths to drive high-quality business development with new technologies. During the Reporting Period, the Group deeply integrated AI technology into business aspects such as content generation, scenario design, and user experience optimization, effectively improving creative efficiency and service response capabilities. We built the “Huashi Shanbao (華視•閃BAO)” AI product matrix, and related products successively made their debut at important industry exhibitions such as the “2025 China Culture & Tourism Industries Expo (二零二五年中國文化旅遊產業博覽會)” and the “2025 International (Wuhan) Intelligent Construction Industry Expo (二零二五國際(武漢)智能建造產業博覽會)”, well received by market by virtue of their high integration and stable interactive performance. The “Huashi Shanbao” digital human solution achieved positive feedback in practical scenario applications, demonstrating good industry adaptability and commercial potential.

During the Reporting Period, through refined management and technological innovation, the Group's service quality and delivery capabilities continuously improved. We focused on the construction of organizational capability and professional talent pipeline, expanded our technical and marketing teams, improved the long-term talent training mechanism, and enhanced employees' professional skills and cross-field collaboration capabilities. At the same time, we expanded the geographical scope of our business presence, optimized our customer structure, and developed partners in diverse fields. During the Reporting Period, the Group's operating quality remained stable, recording total revenue of RMB290.9 million and the total contract value signed with customers was RMB1,509.6 million, of which 99.2% (approximately RMB1,498.1 million) of services had been provided to customers.

The Group firmly believes that digitalization and intelligence will become the development opportunities and growth momentum of industry. Standing at a new starting point in the AI era, we will closely follow policy directions and industry trends, adhere to innovation-driven development, and continue to advance our exploration of transforming into an AI-driven enterprise based on our own advantages. In 2026, we launched a number of AI initiatives, successfully established and operated the AI 7S flagship store, and successfully built the Qingchuan Robotics autonomous ecosystem. We also launched the Qingchuan Robotics Band, marking a significant milestone in our AI business as we transitioned from product development to ecosystem co-creation.

We will continue to focus on core principal businesses such as branding services to continuously consolidate our competitive advantages; closely monitor media resource opportunities under new consumption scenarios; explore AI business, continuously enrich the AI product matrix, deepen ecological cooperation; accelerate the scenario-based penetration of AI technology across the entire marketing chain, drive service model upgrades through technological iteration, and enhance business resilience in fierce market competition.

On behalf of the Board, I would like to express my sincere gratitude to all our employees, our customers and partners. At the same time, I would like to express my sincere gratitude to our shareholders and stakeholders for their continued support and trust.

Chen Jicheng

Chairman and Chief Executive Officer

Wuhan, the PRC
27 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

2025 BUSINESS REVIEW

Branding Services

The Group is deeply engaged in the branding services industry, and conduct in-depth analysis of the changes in industry trend and business model, providing highly tailored-made brand service solutions. The scope of our services includes: (i) conducting in-depth research and analysis of the brand market in which our customers operate with precise brand insights; (ii) planning of brand development strategies for our customers, and advice on core values of brands, brand positioning and its target customers; (iii) design of brand image; and (iv) formulation of products and/or services marketing and promotional plans. During the year, the Group's revenue from branding services business was RMB116.7 million, representing a 16.5% increase year-on-year.

The Group continues to deepen the integration of brand services with new quality productive forces, enhancing competitive advantages through technological and scenario innovation. We empower our brand services business with AI technology, exploring its application in brand strategy generation and creative planning to boost production efficiency and service quality. Simultaneously, we persistently research emerging sectors like low-altitude cultural tourism, exploring the application value of aerial media scenarios in cultural tourism brand communication. We are building a multidimensional communication matrix to expand new scenarios for brand services. During the Reporting Period, we assisted Macheng Guifeng Mountain Scenic Area in Huanggang City, Hubei Province, in successfully securing national 5A-level tourist scenic area status and our "Daye Urban Cultural Tourism IP Creation" project won the Silver Award at the 9th DMAA Digital Marketing Annual Awards. Leveraging deep industry insights and precise customer targeting, combined with creative design, digital marketing, and resource integration capabilities, the Group has accumulated extensive government-enterprise collaboration resources across multiple sectors, maintaining steady growth in its brand services business.

Online Media Advertising Services

The online media advertising services provided by the Group mainly include understanding the marketing needs of customers, analysing the behaviour and preference of consumers, providing suggestions on the forms of advertisements, analysing and selecting the online platforms, obtaining the resources and executing the advertisement placement and effectiveness monitoring and evaluation. The Group offers two major forms of online media advertising as follows: (i) display advertising; and (ii) search engine advertising. As our collaboration with leading Chinese internet companies continues to deepen, our media resource matrix provides extensive coverage of major regions across China and consumers of all age groups. During the year, the revenue from online media advertising services business amounted to RMB17.6 million, representing a 70.9% decrease year-on-year.

According to the "2025 China Advertiser Marketing Trends Survey Report" (《2025中國廣告主營銷趨勢調查報告》) released by CTR, AIGC penetration among advertisers has surpassed 50%, with 70% of advertisers recognizing AI's critical role in enhancing operational efficiency. The rapid iteration of AIGC and large models is driving the digital and intelligent upgrade of online media advertising services. During the Reporting Period, the Group deepened the application of AI in advertising strategy formulation, graphic and video creation, campaign execution, and performance monitoring. Concurrently, we actively engaged in exchanges and collaborations with industry partners to explore AI digital human technology and business scenarios. By researching industry characteristics and analyzing user preferences, we developed customized AI digital human products.

MANAGEMENT DISCUSSION AND ANALYSIS

Event Execution and Production Services

The event execution and production services provided by the Group are designed to help customers promote brand concepts, enhance brand awareness, build brand image, and achieve marketing objectives and effects. It covers all phases of an organisation's marketing campaigns, including (i) formulating campaign strategies; (ii) devising design of the programmes, work plans and rundown of events; (iii) execution of the projects through procuring materials and engaging third-party service providers; (iv) assisting with project management and supervising the execution of marketing campaigns; and (v) evaluating the effectiveness of the marketing campaigns through public opinion. During the year, revenue from events execution and production services amounted to RMB65.2 million, representing a 10.1% increase year-on-year.

The core value of hybrid scenario marketing depends on the integration of real-world event settings with digital interactive marketing, empowered by the AI technology through whole process, thus breaking the temporal and spatial constraints of traditional events and delivering dual enhancements in brand value and business performance for customers. Based on this insight, the Group leveraged its comprehensive media resource matrix to achieve efficient integration between on-site events and online dissemination and advanced the practical application of AI technology across event creativity, scenario design, and interactive experiences. Concurrently, we optimized event execution strategies and supply chain management to enhance project delivery efficiency and cost control capabilities. During the Reporting Period, our execution of the "Caidian District 2025 Cultural Tourism Consumption Season Launch Ceremony (蔡甸區二零二五年文化旅遊消費季啟動儀式)" and the "2025 China Cultural & Tourism Industries Expo Xinzhou Exhibition Hall (2025 中國文化旅遊產業博覽會新洲展廳)" leveraged hybrid scenario marketing and AI-driven digital innovation to create immersive interactive experiences for consumers, thereby elevating regional cultural tourism brand value.

Advertisement Placement Services

The Group provides advertisement placement services, which comprises formulation of online advertisement plan, maintaining the accounts of the customers opened at the advertising platform of the Media Partners ^(Note 1) and arranging advertisement placement on the designated online media platforms of the Media Partners according to the requests of our customers. As an ancillary service, we also design and produce short advertisement videos based on the request of our customers. The Media Partners would charge us primarily based on a mixed basis of CPC, CPT and CPM ^(Note 2), while we would charge our customers a fee comprising (i) the cost for placing the advertisement on the online media platforms charged by the Media Partners based on the above pricing mechanism (i.e. CPC, CPT and CPM); (ii) our service fee for advertisement placement and other related services, which is equivalent to a certain percentage of the costs of advertisement placement on the online media platforms of the Media Partners; and (iii) the rebates we offered to our customers. During the year, revenue from the advertisement placement services business reached RMB71.4 million, representing a 40.3% increase year-on-year.

The Group embraces extensive media resource reserves and highly efficient campaign execution capabilities. During the Reporting Period, we continuously optimized our placement strategies. By leveraging data-driven approaches, we enhanced the efficiency of our placement portfolios and improved the precision of budget allocation. This enabled us to deliver cross-platform, cross-scenario precision placement solutions for our customers, effectively boosting conversion rates and return on investment. Concurrently, we actively expanded collaborations with leading media platforms to broaden our channel coverage. This strengthened our resource integration capabilities and bargaining power, providing customers with more comprehensive and flexible placement options.

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

1. The “Media Partners” are several Chinese internet technology companies which operate various popular online media platforms in the PRC.
2. “CPC” refers to Cost Per Click, a pricing model where advertising is paid on the basis of each click of the advertisement; “CPM” refers to Cost Per Mille, a pricing model where advertising is paid based on one thousand impressions of the advertisement. “CPT” refers to Cost Per Time, a time-based pricing model where advertising is paid at a fixed price for a given period.

The Ministry of Finance and the Ministry of Commerce jointly issued the “Notice on Launching Pilot Programs for New Consumption Formats, Models, and Scenarios (《關於開展消費新業態新模式新場景試點工作的通知》)” promoting the development of integrated consumption scenarios and creating new growth opportunities for advertising planning and brand services. Concurrently, the Group continues to monitor new opportunities AI brings to the media industry. We are researching the application prospects of AI digital humans, screen-based robots, and humanoid robots in scenarios such as brand display, interactive experiences, and intelligent navigation, while exploring synergies with our existing business systems. Considering the Group’s future development plans, we will continue to focus on core businesses such as branding services and online media advertising services, continuously consolidating competitive advantages in these areas. Simultaneously, we will closely follow policy directions and industry trends to explore AI business opportunities while maintaining vigilance for media resource prospects within emerging consumption scenarios.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group generated revenue primarily from the following services, which include the provision of (i) branding services; (ii) online media advertising services; (iii) event execution and production services; and (iv) advertisement placement services (including rebates from Media Partners) to our customers. For FY2025, we recorded total revenue of RMB290.9 million, representing an overall increase of RMB2.4 million and an increase rate of 0.8% over the previous year.

Revenue Breakdown by Service Type

The table below sets forth the breakdown of our revenue and percentage contribution to our total revenue by business segments for the periods indicated:

	FY2025		FY2024	
	RMB'000	Approximate % of total revenue %	RMB'000	Approximate % of total revenue %
Branding services	116,672	40.1	100,205	34.7
Event execution and production services	65,152	22.4	59,158	20.5
Advertisement placement services (i)	71,428	24.6	50,928	17.7
Rebates from Media Partners (i)	20,089	6.9	17,696	6.1
Online media advertising services (ii)	17,596	6.0	60,539	21.0
Total	290,937	100	288,526	100

For FY2025, revenue from “branding services”, “event execution and production services”, “advertisement placement services”, and “rebates from Media Partners” businesses, all saw significant year-over-year growth, driven by the Group’s proactive expansion of its business and the establishment of solid cooperative relationships with more new customers. Revenue from the “rebates from Media Partners” business increased year-over-year, primarily due to year-over-year growth in the “advertisement placement services” business, which in turn drove a continuous increase in the volume of advertisements placed by the Company on the various online media platforms of Media Partners, resulting in a corresponding increase in rebates granted to the Group by Media Partners. Revenue from “online media advertising services” decreased year-on-year due to the Group’s strategic shift to focus on developing its “advertisement placement services” business.

MANAGEMENT DISCUSSION AND ANALYSIS

- (i) For our “advertisement placement services” (including rebates from Media Partners), we recognised revenue on a net basis.
- (ii) For the relevant advertising agents under “online media advertising services”, we recognised revenue on a net basis. In accordance with HKFRS 15, in FY2024 and FY2025, the direct costs incurred for our “online media advertising services” provided to the relevant advertising agents had been deducted from the gross revenue to derive the revenue from these services on a net basis. Other than the above-mentioned costs paid to the suppliers, no other direct costs were incurred by us in relation to the “online media advertising services” provided to the relevant advertising agents.

Cost of Services

The Group’s cost of services decreased from RMB129.0 million for FY2024 to RMB110.9 million for FY2025, primarily attributable to an increase in revenue recognized on a net basis from “advertisement placement services” and “online media advertising services” resulting in a decrease in the cost of those services.

Gross Profit and Gross Profit Margin

The Group’s overall gross profit and gross profit margin for FY2024 and FY2025 were affected by our cost of services, which were project-specific and affected by our service mix, customised services we provided and the scale of each project. As a result, the Group’s gross profit and gross profit margin may vary from project to project.

The Group’s gross profit increased from RMB159.5 million in FY2024 to RMB180.0 million in FY2025, and the gross profit margin increased from 55.3% in FY2024 to 61.9% in FY2025, mainly due to the revenue recognition of “advertisement placement services” on a net basis, and the increase in revenue year on year.

Other Net Income

The Group’s other net income decreased from RMB8.9 million in FY2024 to RMB1.7 million in FY2025, primarily attributable to the receipt of a government subsidy of RMB7.0 million from the local government in FY2024 for successfully listing in Hong Kong and no such subsidies in FY2025.

Selling and Marketing Expenses

The Group’s selling and marketing expenses increased from RMB18.5 million for FY2024 to RMB26.4 million for FY2025, mainly due to (i) an increase in salaries and reimbursement of daily expenses resulting from the expansion of our sales team and media operations team; and (ii) an increase in depreciation expenses of equipment due to the acquisition of additional office equipment in connection with our business expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses increased from RMB45.1 million in FY2024 to RMB48.6 million in FY2025, primarily due to the expansion of business operations, which led to an increase in the size of the administrative team, resulting in higher salaries and reimbursement of daily expenses.

Liquidity and Capital Resources

As at 31 December 2025, the Group's cash and cash equivalents amounted to RMB120.3 million (denominated in RMB, HK\$ and US\$), representing an increase of RMB19.9 million as compared with RMB100.4 million (denominated in RMB, HK\$ and US\$) as at 31 December 2024, primarily due to (i) an increase in bank borrowings; and (ii) collections of trade receivables.

During the Reporting Period, we financed our operation needs primarily through cash flows from operating activities and borrowings. We derived our cash flows from operating activities principally from the revenue from our principal activities. We monitor our working capital positions from time to time to ensure maintaining sufficient cash resources for daily operations and capital expenditure needs.

The interest rates on the Company's borrowings as of 31 December 2025, are set forth in Note 24 to the consolidated financial statements in this annual report.

Income Tax Expense

The Group's PRC corporate income tax expense increased from RMB19.5 million in FY2024 to RMB26.3 million in FY2025. Income tax expense increased from RMB19.5 million in FY2024 to RMB23.5 million in FY2025, which was mainly due to two different income tax rates applied to subsidiaries within the Group, namely, a standard rate of 25% and a preferential rate of 15%. During the Reporting Period, the proportion of business conducted by subsidiaries within the Group subject to the 15% preferential income tax rate was lower than in FY2024.

	FY2025 RMB'000	FY 2024 RMB'000
Current year – PRC corporate income tax	28,690	19,494
Over-provision in respect of prior year	(2,439)	–
	26,251	19,494
Deferred tax	(2,746)	46
Total	23,505	19,540

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the Year

As a result of the foregoing, for FY2024 and FY2025, (i) the Group's profit for the year was RMB80.6 million and RMB71.4 million, respectively; and (ii) the net profit margin (i.e. profit for the year divided by revenue) was 27.9% and 24.5%, respectively.

Capital Structure

As at 31 December 2025 and up to the date of this report, the authorised share capital of the Company was US\$50,000,000 divided into 1,000,000,000 shares of US\$0.05 each, and the issued share capital of the Company was US\$38,532,500 divided into 770,650,000 shares of US\$0.05 each. During the Reporting Period, there were no changes in the authorised share capital and issued share capital of the Company.

Gearing Ratio

As at 31 December 2025, the Group's total borrowings were RMB132.5 million (loans were denominated in RMB). Among those borrowings, 15.1% of which were classified as non-current liabilities, and 84.9% of which were classified as current liabilities.

As at 31 December 2025, the gearing ratio of the Group (being the sum of total bank and other borrowings, lease liabilities and amount due to a shareholder divided by total equity multiplied by 100%) decreased to 34.0% from 34.3% as at 31 December 2024. The decrease was primarily due to no additional leases of the Group during FY2025, and the decrease in lease liabilities.

Pledge of Assets

As at 31 December 2025, the Group had no pledged assets.

Foreign Exchange Risk Management

Foreign exchange risk refers to the risk of loss due to changes in foreign currency exchange rates. The Group's business is principally operated in the PRC and most of the transactions are denominated and settled in RMB. The Group will closely monitor the situation and take certain measures when necessary to ensure that the foreign exchange risk is within the controllable range. During FY2025, the Group did not use any financial instruments for hedging purposes.

Employees

As of 31 December 2025, the Group had 256 full-time employees, all of whom are located in the PRC. The Group enters into a standard employment contract with each of our full-time employees with terms covering, among other things, position, salaries, employment term, working hours, leave arrangements and other benefits. The remuneration packages the Group offers to our employees include basic salary and discretionary bonuses. In general, we determine our employees' salaries based on, amongst others, their qualifications, seniority, working hours, performance, our financial performance and market wages. We generally review the performance of our employees, which forms the basis of our decisions with respect to salary adjustments, bonuses and promotions annually. During FY2025, the total staff remuneration expenses (including Directors' emoluments) amounted to RMB29.7 million (FY2024: RMB25.7 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Expenditure

During FY2025, the Group incurred capital expenditures for software platform development. The Group's capital expenditure increased from RMB29.7 million in FY2024 to RMB56.7 million in FY2025, which was primarily due to an increase in the expenditures of software platform development. The Group financed its capital expenditure mainly through internal resources and bank borrowings.

Contingent Liabilities

As at 31 December 2025, the Group did not have any significant contingent liabilities.

Material Acquisitions, Disposals of Subsidiaries, Associates and Joint Ventures and Significant Investments

In FY2025, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures and did not hold any significant investments.

Use of the Net Proceeds from the Global Offering

The shares of the Company were listed on the Main Board of the Stock Exchange on 10 November 2023. The Company issued 125,000,000 shares in the Global Offering (as defined in the prospectus of the Company dated 31 October 2023) at the offer price of HK\$1.04 per share. The Group received net proceeds from the Global Offering (after deducting underwriting fees and commissions and other expenses payable by the Group in connection with the Global Offering) of approximately HK\$72.1 million.

Details of the use of net proceeds from the Global Offering are set out in the section headed "Use of the Net Proceeds from the Global Offering" of this Directors' Report.

Future Plans for Significant Investments or Capital Assets

As at the date of this report, the Group had no detailed future plans for any significant investments or capital assets.

Events after the Reporting Period

There have been no significant matters subsequent to the Reporting Period and up to the date of this report.

Final Dividend

The Board does not recommend the payment of any final dividend for FY2025. There is no arrangement under which any shareholder has waived or agreed to waive any dividend.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chen Jicheng (陳繼承先生), aged 36, joined our Group on 23 February 2011. He was appointed as our Director on 18 February 2021 and was re-designated as an executive Director on 9 October 2023. He is also our chairman of the Board, chief executive officer and general manager. He is primarily responsible for the overall operations, strategic management, business development, and formulating our Group's business operation plans. Mr. Chen is also our Controlling Shareholder and a chairman of our nomination committee.

Mr. Chen has accumulated over 14 years of experience in the brand, marketing and artificial intelligence. Prior to joining our Group, from October 2010 to May 2012, Mr. Chen worked as an assistant to the chairman of the board of directors of Yangjiang Shibazi Group Co., Ltd. (陽江十八子集團有限公司), a company principally engaged in production and sales of knife products. Mr. Chen has worked in Huashi Media as a deputy general manager from February 2011 to December 2013, as an executive director from December 2013 to August 2015, as a general manager since December 2013, and as chairman of the board of directors and chief executive officer since August 2015. Since December 2012, Mr. Chen has been appointed as an executive director of Huashi Chuangxiang. Since April 2017, he has been appointed as an executive director and general manager of Dabieshan Culture. Since February 2018, he has been appointed as an executive director and general manager of Wuyuan Fujie. Since December 2025, he has been appointed as a director of Huashi Yueqing (Shenzhen) Technology Co., Ltd. (華視悅青(深圳)科技有限公司).

Mr. Chen is a member of the 14th Committee of the All-China Youth Federation, a representative of the 13th National Congress of the China Federation of Industry and Commerce (中國工商業聯合會第十三次全國代表大會代表), a member of the 13th Hubei Provincial Committee of the Chinese People's Political Consultative Conference (CPPCC), Vice Chairman of the 14th Committee of the Hubei Youth Federation, a member of the 14th Wuhan Committee of Chinese People's Political Consultative Conference (中國人民政治協商會議武漢市第十四屆政協委員), a member of the 14th Wuchang District Committee of Wuhan's Chinese People's Political Consultative Conference (中國人民政治協商會議武漢市武昌區第十四屆政協委員), a director of the 7th session of the Governing Council of Hubei Provincial Red Cross (湖北省紅十字會第七屆理事會理事), a standing committee member of Hubei Federation of Industry and Commerce (Chamber of Commerce) (湖北省工商聯(總商會)), and a member of Wuhan Writers' Association (武漢作家協會會員). Mr. Chen was nominated as Top Ten Public Figures of China Economy (中國經濟十大新聞人物) in 2016, 2017 and 2020, was nominated as 2020 Top Ten Entrepreneur Stars in Wuchang District (2020年度武昌區十佳創業明星) in 2020 and was nominated as 2018 Annual Innovative Personnel of Chinese Economic Reform (2018中國經濟改革年度創新人物) in 2018.

Mr. Chen is the brother of Ms. Chen Jizhen (executive Director and vice chairman of the Board of the Company).

Ms. Chen Jizhen (陳繼珍女士), aged 35, joined the Group in March 2023 and was appointed as an executive director on 27 March 2025. She also acts as vice chairman of the Board and the member of Remuneration Committee.

Prior to joining the Group, Ms. Chen served as an internal medicine physician at the Wuhan University Hospital (武漢大學醫院) from July 2018 to May 2019, a pediatric healthcare physician at the Wuxi No. 8 People's Hospital (無錫市第八人民醫院) from June 2019 to August 2022, and also an assistant to the director of the legal department at Jointown Pharmaceutical Group Co., Ltd. (九州通醫藥集團股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600998) from September 2022 to February 2023. Ms. Chen joined the Group in March 2023 as manager of the legal department of Huashi Media. She was promoted to general manager of the legal department of Huashi Media in February 2024, and acted as the assistant to the chairman of the Board of the Group. She obtained the resident physician standardized training certificate from the National Health Commission of the People's Republic of China in April 2019.

Ms. Chen obtained a bachelor's degree in medicine in June 2015 and a master's degree in medicine in June 2018 from the Hubei University of Chinese Medicine (湖北中醫藥大學).

Ms. Chen is the sister of Mr. Chen Jicheng (executive Director, chairman of the Board and chief executive officer of the Company).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhang Bei (張備先生), aged 36, joined our Group on 1 March 2018 and was appointed as our Director on 18 February 2021 and was re-designated as an executive Director on 9 October 2023. He is also our financial supervisor. He is primarily responsible for daily financial matters, financial planning and formulation and supervision of internal control policies of our Group.

Mr. Zhang has over 14 years of experience in the accounting and financing industry. Prior to joining our Group, Mr. Zhang worked as an accounting administrator of Xiamen Juxin Investment Co., Ltd. (廈門鷗鑫投資有限公司), a company principally engaged in investment in the primary, secondary, and tertiary industries from July 2011 to February 2012. From March 2012 to February 2018, Mr. Zhang worked as a financial manager of Putian Cable Group Co., Ltd. (普天線纜集團有限公司), a subsidiary of Putian Communication Group Limited (普天通信集團有限公司) (stock code: 01720.HK), a company principally engaged in manufacture of telecommunication cable and supply of integrated wiring and listed on the Stock Exchange. Since March 2018, Mr. Zhang has worked as a financial supervisor of Huashi Media and he was appointed as a director of Huashi Media in January 2021.

Mr. Zhang graduated from China University of GeoSciences (中國地質大學) in the PRC in June 2011 with a bachelor's degree in engineering management (工程管理). He also received an associate-to-bachelor's degree in accounting from Wuhan University of Science and Technology (武漢科技大學) in July 2015 and a master's degree in business administration (工商管理) from the Open University of Hong Kong in November 2015.

Ms. Xue Yuchun (薛玉春女士), aged 36, joined our Group on 1 December 2014 and was appointed as our Director on 18 February 2021 and was re-designated as an executive Director on 9 October 2023. She is also our general manager of the corporate planning department. She is primarily responsible for corporate planning of our Group and formulation of our Group's corporate strategic planning.

Ms. Xue has over 12 years of experience in the branding, advertising and marketing industry. Prior to joining our Group, Ms. Xue worked as a customer service manager of Shanghai Lingsi Yuanjing Marketing Consultancy Co., Ltd. (上海靈思遠景市場營銷顧問有限公司), a company principally engaged in marketing consulting, corporate management consulting and exhibition services from July 2012 to July 2013. Since December 2014, she has worked as a general manager of the corporate planning department of Huashi Media. She has been appointed as a director of Huashi Media since June 2016. Since July 2025, she was appointed as a director and chief financial officer of East Hubei Data Aggregation (Hubei) Internet Technology Co., Ltd. (鄂東數聚(湖北)互聯網科技有限公司).

Ms. Xue graduated from University of Shanghai for Science and Technology (上海理工大學) in the PRC in June 2012 with a bachelor's degree in advertising (廣告學).

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Guangdou (李光斗先生), aged 60, was appointed as an independent non-executive Director of our Company on 9 October 2023, and is primarily responsible for supervising and providing independent judgment to the Board. He is a member of our audit committee and nomination committee.

Mr. Li has over 23 years of experience in the areas of brand image and marketing industry. Since April 2002, he worked as the chief planner at Beijing Huasheng Shidai Advertising Co., Ltd. (北京華盛時代廣告有限公司), a company principally engaged in advertising design, production, agency and release and exhibition services. Since February 2006, he worked as the chief planner at Beijing Huasheng Zhiye Management Consultancy Co., Ltd. (北京華盛智業管理諮詢有限公司), a company principally engaged in business management consulting, economic and trade consulting and technology promotion service.

Mr. Li graduated from Fudan University (復旦大學) with a bachelor's degree in Journalism in July 1988. He is the author of a dozen of books on brand planning and marketing industry, including Insertion (《插位》), Story Marketing (《故事營銷》), Second Half of Internet (《互聯網下半場》), Business Code in Three Kingdoms (《商解三國》), Sharing Economy (《分享經濟》), Blockchain Wealth Revolution (《區塊鏈財富革命》), Economic Growth Dual Circulation (《雙循環經濟學》).

Disclosure pursuant to Rule 8.10 of the Listing Rules

As at the date of this report, Mr. Li was interested in 25% equity interest in Fujian Nanping Screen Networking Media Co. Ltd. (福建省南平屏聯網傳媒有限公司) ("**Fujian Nanping**"), a company established in the PRC which business scope as stated on its business license includes, among others, the design, production and publication of advertisement.

Mr. Li was only a passive investor with a non-controlling interest and did not have any active role in the management and business operations of or control over Fujian Nanping, and was neither a director, supervisor nor manager of Fujian Nanping at any relevant time. The owners as to the remaining equity interest and the directors, supervisors and managers of Fujian Nanping are all Independent Third Parties and not related to Mr. Li. Mr. Li is also bound by confidentiality undertakings included in his appointment letter with the Company to, among others, not divulge confidential information of our Group to any third parties, abide by his fiduciary duties to avoid conflict of interests in discharging his duties as an independent non-executive Director, and comply with applicable provisions in the Articles and the Listing Rules. Having considered (i) the confidentiality undertaking of Mr. Li in his appointment letter; (ii) his fiduciary duty to make full disclosure on matters that conflict or potentially conflict with our interest and abstain from voting at Board meetings on matters where there could be material conflict of interests; (iii) the established internal control mechanism of our Group to identify connected transactions; and (iv) the role of our audit committee in overseeing the effectiveness of the internal control system, and given that Mr. Li only serves as our independent non-executive Director and does not serve any executive role in our Group, and will not be involved in the active management and business operations of our Group, our Directors are of the view that such measures are effective and adequate for managing any potential conflicts of interest with regards to Mr. Li's involvement in Fujian Nanping and Mr. Li does not have any material conflict of interest with our Group.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Peng Litang (彭禮堂先生), aged 60, was appointed as an independent non-executive Director of our Company on 9 October 2023, and is primarily responsible for supervising and providing independent judgment to the Board. He is the chairman of our remuneration committee and a member of our audit committee and nomination committee.

Mr. Peng has over 24 years' experience in education industry. He worked at the law school of Huazhong University of Science and Technology (華中科技大學法學院) from May 2001 to present, initially as an associate professor (副教授) and was subsequently promoted as a professor (教授) in April 2010.

Mr. Peng graduated from Wuhan University (武漢大學) in the PRC with a master's degree in legal studies (法學理論) in June 1996. He also graduated from Huazhong University of Science and Technology (華中科技大學) in the PRC with a doctor's degree in business administration (工商管理) in June 2008. He obtained the PRC lawyer's qualification certificate (中華人民共和國律師資格證書) issued by Ministry of Justice of the PRC in August 1996.

Dr. He Weifeng (何威風博士), aged 47, was appointed as an independent non-executive Director of our Company on 9 October 2023, and is primarily responsible for supervising and providing independent judgment to the Board. He is the chairman of our audit committee and a member of our remuneration committee.

Dr. He has around 17 years' experience in accounting industry and possesses appropriate accounting and financial management expertise pursuant to Rule 3.10(2) of the Listing Rules. He has been working at the School of Accountancy at Zhongnan University of Economics and Law (中南財經政法大學會計學院) since July 2008 and was promoted as a professor (level 3) from January 2020 to present. Dr. He also has been serving on the board of directors of several publicly-held companies, including Hubei Radio & Television Information Network Co., Ltd. (湖北省廣播電視信息網絡股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000665) where he has been acting as an independent director and the chairman of the audit committee and has been responsible for communicating with certified public accountants on audit plans, risk judgments and key audit issues and reviewing the annual audit reports since February 2019, Kaidi Ecological And Environmental Technology Co., Ltd. (凱迪生態環境科技股份有限公司) (a company delisted from Shenzhen Stock Exchange on 17 December 2020, stock code: 000939) where he has been acting as an independent director since 17 October 2018 and the chairman of audit committee and a member of nomination and remuneration committee since 2 November 2018. He also served as an independent director of Masteam Bio-Tech Co., Ltd. (湖北美天生物科技股份有限公司) (a company listed on the National Equities Exchange and Quotations, stock code: 833833) from 26 March 2018 to 25 April 2024 where he was responsible for providing independent advice to the board of directors.

Dr. He graduated from Jiangnan Petroleum Institute (江漢石油學院) in the PRC with a bachelor's degree in accounting in June 2001 and graduated from Wuhan University (武漢大學) in the PRC in June 2005 with a master's degree in accounting. He was also awarded a doctor's degree in business administration (工商管理) of Huazhong University of Science and Technology (華中科技大學) in June 2008. He was subsidized by the "Program for New Century Excellent Talents in University" (教育部新世紀優秀人才支持計劃) of the Ministry of Education of the PRC in 2013 and was appointed as "Wenlan Young Scholar" (文瀾青年學者) of Zhongnan University of Economics and Law (中南財經政法大學) from November 2013 for a terms of three years. Dr. He was awarded of third prize of "Social Science Outstanding Achievement Award of Hubei Province" (湖北省社會科學優秀成果三等獎) in both 2009 and 2013.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. Liu Xi (劉西女士), aged 33, joined our Group on 1 March 2018. She is the deputy general manager of corporate planning department of our Group and is primarily responsible for assisting in managing the daily operations, corporate strategic planning and customer planning and creative services of the Group.

Ms. Liu has over 10 years of experience in the advertising and media industry. Prior to joining our Group, from July 2015 to February 2018, she worked as a market operation supervisor of Wuhan Liangdian Shifen Culture Media Co., Ltd. (武漢兩點十分文化傳播有限公司). Since March 2018, she has worked as a deputy general manager of the corporate planning department of Huashi Media.

Ms. Liu graduated from Hubei University (湖北大學) with a college degree in news editing and production (新聞採編與製作) in June 2014.

Ms. Fu Xueqin (傅雪琴女士), aged 34, joined our Group on 13 February 2017. She is an administration and human resources supervisor of our Group and is primarily responsible for managing the daily administration and human resources matters.

Ms. Fu has over 13 years of experience in the administration and human resources matters. Prior to joining our Group, from May 2012 to May 2016, she worked as a budget officer of Wuhan Shengyuan Guojian Labor Services Co., Ltd. (武漢盛源國建勞務有限公司). From August 2016 to February 2017, she worked as an administrative assistant of Wuhan Duocai Shenghuo Real Estate Agency Co., Ltd. (武漢多彩生活房產代理有限公司). Since February 2017, she has worked as an administration and human resources supervisor of Huashi Media.

Ms. Fu graduated from Wuhan College of Industrial Technology (武漢工業職業技術學院), which was subsequently merged into Wuhan City Polytechnic (武漢城市職業學院) in the PRC with a college degree in engineering cost (工程造價) in July 2013.

COMPLIANCE OFFICER

Ms. Xue Yuchun is the compliance officer of our Company. For her biographical details, please refer to the section headed "Executive Directors" above.

COMPANY SECRETARY

Ms. Lai Janette Tin Yun (賴天恩女士) is a senior manager of Company Secretarial Services in Vistra Group, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Lai has been appointed as our company secretary with effect from 30 March 2023. Ms. Lai has over 14 years of experience in the corporate secretarial and compliance service field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Lai is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom since May 2015. Ms. Lai is not an employee of our Company and she provides services to our Company as an external service provider.

DIRECTORS' REPORT

The Board is pleased to present the Directors' Report and the audited consolidated financial statements of the Group for the Reporting Period.

GLOBAL OFFERING

The Company was incorporated as an exempted company in the Cayman Islands on 18 February 2021 with limited liability under the Companies Act of the Cayman Islands. The Company was listed on the Main Board of the Stock Exchange on 10 November 2023 with the stock code of 1111. Details of the use of net proceeds from the Global Offering are set out in the section headed "Use of the Net Proceeds from the Global Offering" of this Directors' Report.

PRINCIPAL ACTIVITIES

The Group is a branding, advertising and marketing service provider based in Hubei Province, the PRC, providing services across the entire value chain from market research through collaboration with research institutes to execution of branding, advertising and marketing projects through collaboration with different media resources suppliers so as to assist brand owners, advertisers and advertising agents in formulating and implementing effective service proposals to fulfil their promotional needs and marketing objectives, thereby further enhancing their brand reputation among targeted recipients, and improving the competitiveness and market share of their products or services.

An analysis of the Group's revenue and operation profits by principal activities during FY2025 is set out in the section headed "Management Discussion and Analysis" and note 5 to the consolidated financial statements of this annual report.

BUSINESS REVIEW AND RESULTS

Review on the Group's business, including analysis on the Group's performance using major financial performance indicators, details of significant events which materially impacts the Group during the year and indications of expected future development of the Group's business are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

The Group's results for the Reporting Period is set out on page 137 to the consolidated statement of profit or loss and other comprehensive income of this annual report.

FINAL DIVIDENDS

The Board does not recommend the declaration of any final dividends for FY2025 and no shareholder has given up or agreed to give up any arrangements of dividends.

RELATIONSHIPS WITH ITS EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group believes that its success depends on the support of key stakeholders, including employees, customers and suppliers.

EMPLOYEES

As of 31 December 2025, the Group had a total of 256 full-time employees, all of whom were located in the PRC.

The Group enters into a standard employment contract with each of our full-time employees with terms covering, among other things, position, salaries, employment term, working hours, leave arrangements and other benefits. The remuneration package the Group offered to its employees includes basic salary and discretionary bonuses. In general, the Group determines our employees' salaries based on, amongst others, their qualifications, seniority, working hours, performance, its financial performance and market wages. The Group generally reviews the performance of its employees, which forms the basis of its decisions with respect to salary adjustments, bonuses and promotions annually. The total staff remuneration expenses (including directors' emoluments) for FY2025 was RMB29.7 million (FY2024: RMB25.7 million).

In accordance with relevant national and local social welfare laws and regulations in the PRC, we are required to pay in respect of our employees in the PRC various social security funds including basic pension insurance, unemployment insurance, occupational injury insurance, medical insurance, maternity insurance and housing provident fund. We have complied with the applicable labour laws and regulations in all material respects in respect of statutory welfare or mandatory contributions required of us as an employer in the PRC where we had business operations.

CUSTOMERS

The Group's customers comprise brand owners and advertisers, including private and state-owned enterprises and government authorities; and advertising agents, from a diversified spectrum of industries including beverage, healthcare food production, automobile manufacturing, household essentials manufacturing, tourism and agricultural and related food processing. The Group is dedicated to providing quality services to its customers through establishing an efficient communication mechanism, improving the team's professional level and, continuously improving service quality, which provides good development foundation for the Group's entire performance.

SUPPLIERS

The Group's suppliers mainly comprised research institutes; advertising resources providers; and advertising agents. Research institutes are institutions which are engaged to conduct market research on the market and industry in which our customers operate, including the latest development and trends of the industry, the opportunities and challenges facing the industry, the nature of the target customers, customers' consumption behavior and preference, and an analysis on the competitive environment, such as the major competitors and the nature of competition in the market. Advertising resources providers (i.e. the ultimate advertising resources operators) are generally companies possessing advertising resources directly, such as agents and/or owners of TV station operators and websites, search engines, social media and e-commerce platforms, and outdoor platforms. Advertising agents are advertising companies which source advertising resources from the ultimate advertising resources suppliers. The Group maintains stable relationships with suppliers to obtain high quality services and advertisement resources, thereby provides high quality brands, advertisement and marketing services to customers.

DIRECTORS' REPORT

MAJOR RISKS AND UNCERTAINTIES

Certain major risks the Group is exposed to include:

1. The Group's operation and financial performance may be adversely affected if the Group is unable to retain current customers, deepen or expand its relationship with customers, or attract new customers to engage the Group to provide brand, advertisement and events execution and production services.
2. The success of our business in providing branding, advertising and marketing services largely depends on the Group's ability to anticipate and respond to consumers' tastes and preferences for marketing methods. If we fail to anticipate and respond to the change of consumers' needs and preferences for marketing, the Group's business, financial position and results of operation may be adversely affected.
3. If there are changes of marketing plan or objectives of customers, and changes in market taste and industry trend, venue cancellation, technical issues and unexpected weather conditions; if the customers terminate our services or delay their payment to us, it could have an adverse effect on our cash flow and results of operations.
4. If the Group is unable to engage research institutes or other research institutes of similar caliber, or if the market research performed by them fails to assist us in identifying the latest market and industry trends and detecting the preferences and potential demands from the target audience of our customers accurately, our reputation, business performance, financial position and profitability may be adversely affected.
5. The Group engages third-party service providers to provide various services. Their failure to provide us with timely and high-quality products or services may materially and adversely affect our business operations.
6. If the Group fails to keep pace with changing technologies and market trends and to introduce successful and well-accepted services for the existing and potential customers, the Group could lose its customers and market share, and its ability to generate revenue could be adversely affected.
7. If the Group fails to maintain its business relationship with the Media Partners or if it loses its market position or popularity among the public, the Group's business, financial condition and results of operations could be materially and adversely affected.
8. The Group has concentrated supplier base and any increases in price of their services or advertising resources could materially and adversely affect the Group's results of operations, financial position and prospects.
9. The Group may face certain risks when collecting trade receivables, if fails to collect, the Group's business, financial position and results of operation may be materially and adversely affected.
10. The Group enjoys certain preferential tax treatments from government. Expiration of, or changes to, these preferential tax treatments could have an adverse effect on the Group's operating results.

MAJOR CUSTOMERS AND SUPPLIERS

For FY2025, (i) the largest customer of the Group accounted for 7.2% of the total revenue (FY2024: 1.4%), and the five largest customers accounted for 19.8% of the total revenue (FY2024: 6.1%) ; and (ii) the largest supplier of the Group accounted for 24.6% of the total purchase amount (FY2024: 12.3%), and the five largest suppliers accounted for 47.0% of the total purchase amount (FY2024: 42.7%).

In 2025, none of the directors of the Company, and their close associates nor any shareholders (which to the best knowledge of the Directors owned more than 5% of the Company's issued share capital) has any interests in the Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 13 to the consolidated financial statements of this annual report.

SHARE CAPITAL

The Company has one class of shares, namely ordinary shares, with a par value of US\$0.05 each. Details of movements in the Company's share capital during the Reporting Period are set out in note 27 to the consolidated financial statements.

DEBENTURES

During the Reporting Period, the Company did not issue any debentures.

DONATIONS

During the Reporting Period, no charitable and other donations were made by the Group.

RESERVES

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out on pages 179 and 140 of changes in equity of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2025, no reserves of the Company were available for distribution to its Shareholders (31 December 2024: nil).

EQUITY-LINKED AGREEMENT

There was no equity-linked agreement entered into by the Company or subsisting during FY2025.

DIRECTORS' REPORT

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report were as follows:

Executive Directors

Mr. Chen Jicheng (*Chairman and Chief Executive Officer*)

Ms. Chen Jizhen (*Vice Chairman*) (*Appointed on 27 March 2025*)

Mr. Zhang Bei

Ms. Xue Yuchun

Ms. Wang Shujin (*Retired on 27 June 2025*)

Independent Non-Executive Directors

Mr. Li Guangdou

Mr. Peng Litang

Dr. He Weifeng

Mr. How Sze Ming (*Resigned on 27 June 2025*)

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Directors and Senior Management" of this annual report.

DIRECTORS' SERVICE CONTRACTS

On 9 October 2023, Mr. Chen Jicheng, Mr. Zhang Bei and Ms. Xue Yuchun (all of them are executive Directors) have entered into service contracts with the Company for an initial fixed term of three years and shall comply with the provisions such as offering themselves for re-election stipulated by the Articles of Association and in the service contracts. On 27 March 2025, Ms. Chen Jizhen, an executive Director, has entered into a service contract with the Company for an initial fixed term of three years and is subject to re-election as set out in the Articles of Association and the provisions in the service contract. On 9 October 2023, the Company has entered into an appointment letter with each of the independent non-executive Directors for an initial fixed term of three years with effect from 9 October 2023.

The above appointments are subject to the provisions of the Articles of Association with regard to retirement by rotation and re-election.

None of the Directors who is nominated for re-election in the forthcoming annual general meeting of the Company has entered into a service contract (which is not determinable by the Group within one year without payment of compensation (other than statutory compensation)) with any member of the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in this report, none of the Directors held interests in any business which competed or was likely to compete with the business of the Group as required to be disclosed pursuant to Rule 8.10 of the Listing Rule for the year ended 31 December 2025.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contracts of significance had been entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries (excluding the Company) for FY2025, and there were no contracts of significance relating to provision of services between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries (excluding the Company) during the Reporting Period.

NON-COMPETITION UNDERTAKING

To protect our Group from any potential competition, our Controlling Shareholders have entered into the Deed of Non-competition in favor of our Company (for itself and as trustee for each of its subsidiaries), pursuant to which each of our Controlling Shareholders has, among other matters, irrevocably and unconditionally undertaken to us on a joint and several basis that at any time during the Relevant Period (as defined below), each of our Controlling Shareholders shall, and shall procure that their respective associates (other than our Group):

- (i) not, directly or indirectly, either on its own account or in conjunction with or on behalf of any person, firm or company, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise, and whether for profit, reward or otherwise) any activity or business which competes or is likely to compete, directly or indirectly, with the business of our Group and any other business from time to time conducted, carried on or contemplated to be carried on by any member of our Group (the "**Restricted Activity**");
- (ii) to provide all information requested by our Company which is necessary for an annual review by our independent non-executive Directors of its compliance with the Deed of Non-competition and the enforcement of the Deed of Non-competition; and
- (iii) to make an annual declaration on compliance with its undertaking under the Deed of Non-competition in the annual reports of our Company as our independent non-executive Directors think fit and/or as required by the relevant requirements under the Listing Rules.

Each of our Controlling Shareholders has unconditionally and irrevocably undertaken to us that in the event that it/he or its/his close associate(s) (other than any member of our Group) (the "**Offeror**") is given or offered or has identified any business investment or commercial opportunity which directly or indirectly competes, or may lead to competition with the Restricted Activity (the "**New Opportunities**"), it/he will and will procure its/his close associate(s) (other than members of our Group) to refer the New Opportunities to us as soon as practicable in the following manner:

- (i) each of our Controlling Shareholders is required to, and shall procure its/his close associates (other than members of our Group) to, refer, or to procure the referral of, the New Opportunities to us, and shall give written notice to us of any New Opportunities containing all information reasonably necessary for us to consider whether (a) such New Opportunities would constitute competition with the Restricted Activity; and (b) it is in the interest of our Group to pursue such New Opportunities, including but not limited to the nature of the New Opportunities and the details of the investment or acquisition costs (the "**Offer Notice**") within 10 business days from their receipt or referral of the New Opportunities; and

DIRECTORS' REPORT

- (ii) the Offeror will be entitled to pursue the New Opportunities only if (a) the Offeror has received a notice from us declining the New Opportunities; or (b) the Offeror has not received such notice from us within 30 business days from our receipt of the Offer Notice. If there is a material change in the terms and conditions of the New Opportunities pursued by the Offeror, the Offeror will refer the New Opportunities as so revised to us in the manner as set out above. Upon receipt of the Offer Notice, we will form an independent board committee (the **"Independent Board Committee"**) which comprises all our independent non-executive Directors without the attendance by any Director with beneficial or conflicting interest in such project or business opportunities and seek opinions and decisions from our Independent Board Committee in the manner as to whether (a) such New Opportunities would constitute competition with the Restricted Activity; and (b) it is in the interest of our Company and our Shareholders as a whole to pursue the New Opportunities.

For the above purpose, the "Relevant Period" means the period commencing from the Listing Date and shall expire on the earlier of:

- (i) the date on which our Controlling Shareholders and their associates, individually or taken as a whole, cease to be our Controlling Shareholders for the purpose of the Listing Rules; and
- (ii) the date on which our Shares cease to be listed on the Stock Exchange or (if applicable) other stock exchange.

The Company has received an annual confirmation from each of our Controlling Shareholders that he/she/it has complied with the Deed of Non-competition during the Reporting Period, for disclosure in this annual report.

The independent non-executive Directors have reviewed the performance of the Deed of Non-competition during the Reporting Period based on the information and confirmation provided or given by the Controlling Shareholders and are satisfied that our Controlling Shareholders have complied with the Deed of Non-competition.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

None of any transactions, arrangements or contracts of significance entered into by the subsidiaries of the Company, fellow subsidiaries or its parent company which are related to the Group's business and in which the Directors of the Company or any entity connected with the Directors held material interests, whether directly or indirectly, have subsisted at the end of the year or at any time during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts for the management and administration of the whole or any substantial part of the Company's business have been signed or existed during the Reporting Period.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

DEFINED CONTRIBUTION PENSION PLANS

The Group only operates defined contribution pension plans. The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Mainland China are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

No forfeited contribution (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) is available to be utilized by the Group to reduce the contributions payable in the future years or to reduce the Group's existing level of contributions to the pension scheme.

Details of the Group's pension and employee benefit schemes are set out in Note 8 to the consolidated financial statements in this annual report.

REMUNERATION POLICY

The Remuneration Committee has been established with an aim to review the remuneration policies and remuneration structure of the Group for the Directors and senior management based on the Group's operating results, the personal performance of Directors and senior management, and comparable market practices.

Details of the remunerations of the Directors and the five highest paid individuals during the Reporting Period are set out in Note 12 to the consolidated financial statements in this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Due to the nature of its business, the Group does not produce any hazardous substances or pollutants in the course of business operation. During the Reporting Period, the Group did not incur any expenses for any failure of compliance with applicable environmental laws and regulations.

The environmental, social and governance report of the Company in accordance with Appendix C2 to the Listing Rules is set out on pages 71 to 130 of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group's business is mainly operated by the Company's subsidiaries in the PRC and shall comply with the laws, regulations of the regulatory authority in the PRC and be under its regulation. During the Reporting Period, so far as to the best knowledge of the Directors, the Group has complied with relevant laws and regulations of PRC in all material aspects.

DIRECTORS' REPORT

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations which have been notified to the Company and the Stock Exchange 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 which have been entered in the register required to be kept pursuant to section 352 of the SFO, or which shall be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules are as follows:

(I) INTEREST IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of Director/Chief executive	Capacity/Nature of interest	Number of Shares interested	Approximate percentage of the total number of the Company's Shares ⁽¹⁾
Mr. Chen Jicheng	Interest in a controlled corporation	496,334,398(L) ⁽²⁾	64.40%
Ms. Xue Yuchun	Interest in a controlled corporation	6,530,750(L) ⁽³⁾	0.85%

Notes:

The letter "L" denotes a long position of the person in relevant securities.

- (1) The calculation was derived from the total issued shares of 770,650,000 as at 31 December 2025 (without taking into account any shares which may be issued under the Share Option Scheme).
- (2) Mr. Chen Jicheng beneficially owns the total issued share capital of JaiYi Culture Media Limited ("**JaiYi Culture**"), while JaiYi Culture holds 64.40% of the issued share capital of the Company directly. Mr. Chen Jicheng is therefore deemed to be interested in the shares held by JaiYi Culture under the SFO.
- (3) Ms. Xue Yuchun beneficially owns the total issued share capital of Hubei Jiaying Culture Media Company Limited ("**Hubei Jiaying Culture**"), while Hubei Jiaying Culture holds 0.85% of the issued share capital of the Company directly. Ms. Xue Yuchun is therefore deemed to be interested in the shares held by Hubei Jiaying Culture.

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(II) INTEREST IN ASSOCIATED CORPORATIONS OF THE COMPANY

Name of Director/Chief executive	Name of Associated Corporation	Capacity/Nature of interest	Number of Shares interested	Percentage of the issued share capital of that associated corporation held
Mr. Chen Jicheng	JaiYi Culture	Beneficial owner	1(L)	100%

Notes:

The letter "L" denotes a long position of the person in relevant securities.

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

As at 31 December 2025, to the best knowledge of the Directors, the interests or short positions which are required to be kept by the Company recorded in the register pursuant section 336 of the SFO owned by the following persons (other than Directors and chief executive of the Company) or organizations in the shares or underlying shares are as follows:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares interested	Approximate percentage of the total number of the Company's Shares ⁽¹⁾
JaiYi Culture	Beneficial owner	496,334,398(L) ⁽²⁾	64.40%
Wang Shujin	Interest in a controlled corporation	42,746,550(L) ⁽³⁾	5.55%
Yuanjin Culture Media Company Limited	Beneficial owner	42,746,550(L) ⁽³⁾	5.55%
Nie Xing	Interest in a controlled corporation	38,739,000(L) ⁽⁴⁾	5.03%
Youxin Capital Company Limited	Beneficial owner	38,739,000(L) ⁽⁴⁾	5.03%

Notes:

The letter "L" denotes a long position of the person in relevant securities.

- (1) The calculation was derived from the total issued shares of 770,650,000 as at 31 December 2025 (without taking into account any shares which may be issued under the Share Option Scheme).
- (2) As at 31 December 2025, JaiYi Culture held 496,334,398 shares of the Company directly. Jaiyi Culture is wholly owned by Mr. Chen Jicheng. Mr. Chen Jicheng is therefore deemed to be interested in the shares held by Jaiyi Culture under the SFO.
- (3) As at 31 December 2025, Yuanjin Culture Media Company Limited ("**Yuanjin Culture**") held 42,746,550 shares of the Company directly. Yuanjin Culture is wholly owned by Ms. Wang Shujin. Ms. Wang Shujin is therefore deemed to be interested in the shares held by Yuanjin Culture under the SFO.
- (4) As at 31 December 2025, Youxin Capital Company Limited ("**Youxin Capital**") held 38,739,000 shares of the Company directly. Youxin Capital is wholly owned by Mr. Nie Xing. Mr. Nie Xing is therefore deemed to be interested in the shares held by Youxin Capital under the SFO.

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DIRECTORS' RIGHT TO PURCHASE SHARES OR DEBENTURES

Except as disclosed in this annual report, the Company or its subsidiaries or consolidated affiliated entities did not enter into any arrangement at any time during the Reporting Period to enable the Directors to acquire benefits by purchasing the shares or debentures of the Company or any other body corporate, and no Directors or their spouses or children under the age of 18 had been granted any right to subscribe for the equity or debt securities of the Company or any other body corporate, or had exercised any such right.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

There were no convertible securities, options, warrants or similar rights issued or granted by the Company or any of its subsidiaries as at 31 December 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries nor any of its consolidated affiliated entities purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As of 31 December 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted pursuant to the written resolutions of our Shareholders passed on 9 October 2023 (the "**Adoption Date**"). The purpose of the Share Option Scheme is to enable our Company to grant options to selected participants as incentive or rewards for their contribution to our Group. Our Directors consider the Share Option Scheme will enable our Group to reward our employees, our Directors and other selected participants for their contributions to our Group. The terms of the Share Option Scheme are in accordance with Chapter 17 of the Listing Rules and other relevant rules and regulations.

The number of options available for grant under the Scheme Limit and the Service Provider Sublimit as at 31 December 2025 were 77,065,000 and 7,706,500, respectively. No options were granted under the Share Option Scheme from the Listing Date to 31 December 2025.

As at 31 December 2025, the remaining life of the Share Option Scheme was approximately 7.8 years.

1. Purpose and Eligible Participants and Administration

1.1. The purpose of the Share Option Scheme is to enable the Board to grant options (“**Share Options**”) to the Eligible Participants as incentives or rewards for their contribution or potential contribution to the growth and development of our Group and to attract and retain personnel to promote the sustainable development of our Group. The basis of eligibility of any of the Eligible Participants to the grant of Share Options shall be determined by the Board from time to time on the basis of the Board’s opinion as to his/her contribution or potential contribution to the development and growth of the Group.

For the purpose of the Share Option Scheme, “Eligible Participants” shall include:

- (a) Director(s) and employee(s) (whether full time or part time) of the Company or any of its subsidiaries (including persons who are granted Share Options as an inducement to enter into employment contracts with the Company or any of its subsidiaries) (“**Employee Participant(s)**”);
- (b) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company (“**Related Party Participant(s)**”); and
- (c) person(s) (whether a natural person, a corporate entity or otherwise) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including but not limited to person(s) who work for the Company as independent contractors (including advisers, consultants, distributors, contractors, suppliers, agents and service providers of any member of the Group) where the continuity and frequency of their services are akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or those who are required to perform their services with impartiality and objectivity (“**Service Provider(s)**”);

1.2. The eligibility of any of the Eligible Participants to an offer for the grant of a Share Option (“**Offer**”) shall be determined by the Board from time to time on the basis of the Board’s opinion as to the Eligible Participant’s contribution to the development and growth of the Group. In assessing whether Share Options are to be granted to any Eligible Participant, the Board shall take into account various factors, including but not limited to, the nature and extent of contributions provided by such Eligible Participant to the Group, the special skills or technical knowledge possessed by them which is beneficial to the continuing development of the Group, the positive impacts which such Eligible Participant has brought to the Group’s business and development and whether granting Share Options to such Eligible Participant is an appropriate incentive to motivate such Eligible Participant to continue to contribute towards the betterment of the Group.

- (a) In assessing the eligibility of Employee Participant(s), the Board will consider all relevant factors as appropriate, including, among others:
 - (i) his/her skills, knowledge, experience, expertise and other relevant personal qualities;
 - (ii) his/her performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard;
 - (iii) his/her contribution made or expected to be made to the growth of the Group; and
 - (iv) his/her educational and professional qualifications, and knowledge in the industry.

DIRECTORS' REPORT

- (b) In assessing the eligibility of Related Entity Participant(s), the Board will consider all relevant factors as appropriate, including, among others:
 - (i) the positive impacts brought by, or expected from, the Related Entity Participant on the Group's business development in terms of, amongst other things, an increase in turnover or profits and/or an addition of expertise to the Group;
 - (ii) the period of engagement or employment of the Related Entity Participant by the Group;
 - (iii) the number, scale and nature of the projects in which the Related Entity Participant is involved;
 - (iv) whether the Related Entity Participant has or expected to refer or introduce opportunities to the Group which have or likely to materialize into further business relationships;
 - (v) whether the Related Entity Participant has or expected to assist the Group in tapping into new markets and/or increased its market share; and
 - (vi) the materiality and nature of the business relation of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participant's contribution in such holding companies, fellow subsidiaries or associated companies of the Group which may benefit the core business of the Group through a collaborative relationship.

- (c) Amongst the Service Providers eligible for the granting of Share Options:
 - (i) distributors, contractors, suppliers and agents are to directly contribute to the long-term growth of the Group's business by taking roles or providing services that are in a continuing and recurring nature in its ordinary and usual course of business. The work of distributors, contractors, suppliers and agents are closely connected with the Group's principal business, and their performances will contribute to the operating performance and financial results of the Group;
 - (ii) advisers, consultants and service providers are those who would play significant roles in the Group's business development by contributing their specialized skills and knowledge in the business activities of the Group on a continuing and recurring basis. Such advisers, consultants and service providers would possess industry-specific knowledge or expertise or valuable experience or deep understanding or insight in the business, financial or commercial areas of the Group. Their continuing and recurring engagement and cooperation with the Group would benefit the Group with frequent and successive strategic advice and guidance in its ordinary and usual course of business, which are substantively comparable to contributions of highly skilled or executive employees of the Group. In assessing the eligibility of Service Provider(s), the Board will consider all relevant factors as appropriate, including, among others:

- (iii) in respect of agents, distributors, contractors and suppliers:
 - A. the scale of the Service Provider's business dealings with the Group in terms of purchases or sales attributable to him;
 - B. the ability of the Service Provider to maintain the quality of services;
 - C. the performance of the Service Provider(s) and track record, including whether the Service Provider has a proven track record of delivering quality services;
 - D. the benefits and strategic value brought by the Service Provider to the Group's development and future prospects in terms of the profits and/or income attributable to the Service Provider's collaboration with the Group;
 - E. the scale of the Service Provider's collaboration with the Group and the length of business relationships between the Service Provider and the Group; and
 - F. the business opportunities and external connections that the Service Provider has introduced or will potentially introduce to the Group.

- (iv) in respect of advisers, consultants and service providers:
 - A. the expertise, professional qualifications and industry experience of the Service Provider;
 - B. the performance and track record of the Service Provider, including whether the Service Provider has a proven track record of delivering quality services;
 - C. the prevailing market fees chargeable by other services providers;
 - D. the Group's period of engagement of or collaboration with the Service Provider; and
 - E. the Service Provider's actual or potential contribution to the Group in terms of a reduction in costs or an increase in turnover or profit;

- 1.3. Subject to the rules of the Share Option Scheme, the Board may, at any time on a Business Day during the period commencing from the Adoption Date and expiring at the close of business on the day preceding the tenth anniversary of the Adoption Date, at its absolute discretion and on and subject to such terms, conditions, restrictions or limitations as it may think fit in writing offer to grant Share Options to Eligible Participants to subscribe at the Exercise Price.

DIRECTORS' REPORT

- 1.4. The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (save as otherwise provided herein) be final and binding on all parties. The Board shall have the right to (a) interpret and construe the provisions of this Share Option Scheme; (b) determine the persons (if any) who shall be offered Share Options under the Share Option Scheme, and the number of Shares and Exercise Price of the Share Option, subject to paragraph 5; (c) subject to paragraphs 9 and 11, make such adjustments to the terms of the Share Options granted under the Share Option Scheme to the relevant Eligible Participant (“**Grantee**”) who accepted the Offer as the Board deems necessary, and shall notify the relevant Grantee of such adjustment by written notice; and (d) make such other decisions or determinations as it shall deem appropriate in relation to the Offer and/or the administration of the Share Option Scheme provided that the same are not inconsistent with the provisions of the Share Option Scheme and the Listing Rules. Without prejudice to the generality of the foregoing, the Board may delegate the administration of the exercise and delivery of Shares upon the exercise of Share Options to third party professional service providers as it may think fit.

2. Duration

- 2.1. The Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, after which period, no further Share Options shall be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects. Share Options granted during the life of the Share Option Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the 10-year period.
- 2.2. A Grantee shall ensure that the acceptance of the Offer, the holding and exercise of the Share Option in accordance with the Share Option Scheme, the allotment and issue of Shares to him/her upon the exercise of the Share Option and the holding of such Shares are valid and comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he/she is subject. The Directors may, as a condition precedent of making an Offer and allotting Shares upon an exercise of a Share Option, require an Eligible Participant or a Grantee (as the case may be) to produce such evidence as they may reasonably require for such purpose.

3. Conditions for the Grant of Share Option

- 3.1. The Share Option Scheme or the grant of any Share Option is conditional on:
 - (a) the passing by the Shareholders at a general meeting of the Company of an ordinary resolution to approve the adoption of the Share Option Scheme and to authorise the Board to grant Share Options under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of any Share Option; and
 - (b) the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of any Share Option which may be granted under the Share Option Scheme.

4. Grant of Share Options

- 4.1. Subject to paragraph 4.2, the Directors shall, in accordance with the provisions of the Share Option Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of ten (10) years commencing from the Adoption Date to make an Offer to any Eligible Participant to subscribe, and no person other than the Eligible Participant named in such Offer may subscribe, for such number of Shares (being a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof) at such price per Share at which a Grantee may subscribe for the Shares on the exercise of a Share Option, as determined in accordance with paragraph 5 (the "**Exercise Price**"), as the Directors shall, subject to paragraph 8 and at their discretion, determine.
- 4.2. Without prejudice to paragraph 8.8 below, the making of an Offer to any Director or chief executive of the Company or substantial shareholder (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of a Share Option).
- 4.3. Any Offer shall be made to an Eligible Participant in writing (and otherwise so made shall be invalid) in such form as the Directors may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares covered by such Share Option, the period during which such Option Period can be exercised ("**Option Period**") and any terms and conditions, restrictions and/or limitations applicable to the Share Option, and further requiring the Eligible Participant to undertake to hold the Share Option on the terms on which it is to be granted and the Offer shall include a statement to the effect that any acceptance thereof shall render the Eligible Participant to whom the Offer is made bound by the provisions of the Scheme. The Offer shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 30 days from the date of the Offer ("**Offer Date**").
- 4.4. An Offer shall state, in addition to the matters specified in paragraph 4.3, the following:
 - (a) the name, address and occupation of the Eligible Participant;
 - (b) the number of Shares under the Share Option in respect of which the Offer is made and the Exercise Price for such Shares;
 - (c) the Option Period in respect of which the Offer is made or, as the case may be, the Option Period in respect of separate parcels of Shares under the Share Option comprised in the Offer;
 - (d) the last date by which the Offer must be accepted (which must not be later than 30 days from the Offer Date);
 - (e) a minimum period for which a Share Option must be held before it is vested and exercisable, which shall not be less than 12 months;
 - (f) the procedure for acceptance;

DIRECTORS' REPORT

- (g) the performance target(s) (if any) that must be attained by the Eligible Participant before any Share Option can be exercised;
 - (h) the clawback mechanism for the Company to recover or withhold any Share Option granted to any Eligible Participants (if any) in the event of, for example, serious misconduct, a material misstatement in the Company's financial statements or other special circumstances as identified by the Board;
 - (i) such other terms and conditions of the Offer as may be imposed by the Directors which in their opinion are fair and reasonable and not inconsistent with the Share Option Scheme; and
 - (j) a statement requiring the Eligible Participant to undertake to hold the Share Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme including, without limitation, the conditions specified in, among other things, paragraphs 4.3 and 6.1.
- 4.5. An Offer shall be accepted by an Eligible Participant in respect of all Shares under the Share Option which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with a remittance in favor of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the Offer (which shall not be later than 30 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 4.6. Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares under the Share Option which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favor of the Company of HK\$1.00 by way of consideration for the grant thereof within such time as may be specified in the Offer (which shall not be later than 30 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 4.7. Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with paragraphs 4.5 or 4.6, a Share Option in respect of the number of Shares of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the Offer Date. To the extent that the Offer is not accepted within the time specified in the Offer in the manner indicated in paragraphs 4.5 or 4.6, it will be deemed to have been irrevocably declined.
- 4.8. The Option Period of a Share Option must not be more than ten (10) years after the Offer Date.
- 4.9. Share Options will not be listed or dealt in on the Stock Exchange.
- 4.10. The vesting period in respect of any Option granted to any Eligible Participant shall not be shorter than 12 months from the date of acceptance of the Offer, provided that where the Eligible Participant is:
- (a) An Employee Participant who is a Director or a senior manager specifically identified by the Company, the Remuneration Committee shall, or

- (b) An Employee Participant who is not a Director nor a senior manager specifically identified by the Company, the Directors shall have the authority to determine a shorter vesting period, if the Remuneration Committee of the Company or the Directors consider that a shorter vesting period is appropriate to align with the purpose of the Share Option Scheme after having taken into consideration the experience and seniority of the relevant Employee Participant, the number of Shares held by such Employee Participant, his remuneration package, his contributions to the Group and his performance level, any performance based vesting conditions prescribed under the Offer, administrative and compliance arrangements, and such other factors as the Remuneration Committee of the Company (or, as the case may be, the Directors) considers to be relevant or appropriate.

4.11. For so long as the Shares are listed on the Stock Exchange:

- (a) an Offer may not be made after a price-sensitive event or inside information has come to the knowledge of the Company until (and including) the trading day after it has announced the information. In particular, during the period commencing one month immediately preceding the earlier of:
 - (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the actual date of publication of the results announcement, and no Option may be granted during any period of delay in publishing a results announcement.
- (b) without prejudice to paragraph 4.11(a), an Offer may not be made to an Eligible Participant who is a Director during the periods of time in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, or any corresponding code or securities dealing restrictions adopted by the Company.

5. Exercise Price

The Exercise Price in respect of any Share Option shall, subject to any adjustments made pursuant to paragraph 9, be at the discretion of the Directors, provided that it must be at least the highest of:

- (a) the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the Offer Date;
- (b) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and
- (c) the nominal value of the Shares on the Offer Date;

provided that in the event of fractional prices, the Exercise Price per Share shall be rounded upwards to the nearest whole cent.

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6. Exercise of Share Options

- 6.1. A Share Option must be personal to the Grantee and must not be transferable or assignable, save where applicable under the Listing Rules and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favor of any third party over or in relation to any Share Option or enter into any agreement to do so. Where (i) the Directors give their express consent in writing (which consent may or may not be given by the Directors at their absolute discretion), and (ii) the Stock Exchange gives any express waiver, the Option held by a Grantee may be allowed to be transferred to a vehicle (such as a trust or a private company) for the benefit of the Grantee and any family members of such Grantee (for purposes of estate planning or tax planning or such other reasons as the Directors and the Stock Exchange consider to be justifiable) that would continue to meet the purpose of the Share Option Scheme and comply with the requirements of Chapter 17 of the Listing Rules. In connection with the application for the above consent from the Directors and the above waiver from the Stock Exchange, the Grantee shall (b-1) provide information on the beneficiaries or discretionary objects of the trust or the ultimate beneficial owners of the transferee vehicle, as well as such other information as may be required by the Directors or the Stock Exchange, and (b-2) consent to the disclosure of such information in the report, circular and/or report to be published by the Company.
- 6.2. Subject to, among other things, paragraph 4.3 and the fulfilment of all terms and conditions attached to the Share Options, including the attainment of any performance targets (if any), a Share Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in paragraphs 6.4 and 6.5 by giving notice in writing to the Company stating that the Share Option is thereby exercised and the number of Shares in respect of which it is so exercised (which, except where the number of Shares in respect of which the Share Option remains unexercised is less than one board lot or where the Share Option is exercised in full, must be for a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof). Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for Shares in respect of which the notice is given. Within 30 days (seven days in the case of an exercise pursuant to paragraph 6.4(c)) after receipt of the notice and, where appropriate, receipt of the certificate of the auditors or the independent financial advisers pursuant to paragraph 9, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Share Option by a personal representative pursuant to paragraph 6.4(a), to the estate of the Grantee) fully paid and issue to the Grantee (or his/her estate in the event of an exercise by his/her personal representative as aforesaid) the relevant share certificate(s) in respect of the Shares so allotted and issued.
- 6.3. Unless otherwise determined by the Board and specified in the Offer, there is generally no performance target that needs to be achieved before the exercise of a Share Option granted to a Grantee nor there is any clawback mechanism for the Company to recover or withhold the Share Options granted to any Eligible Participant.

- 6.4. Subject as hereinafter provided in the Share Option Scheme, a Share Option may only be exercised by the Grantee at any time during the Option Period provided that:
- (a) if the Grantee is an Employee Participant and in the event of his/her ceasing to be a Grantee by reason of his/her death, ill-health or retirement in accordance with his/her contract of employment before exercising the Share Option in full, his/her personal representative(s) or, as appropriate, the Grantee may exercise the Share Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 6.2 within a period of 12 months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the Company or the relevant subsidiary of the Company whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in paragraph 6.4(c) or 6.4(d) occur during such period, exercise the Share Option pursuant to paragraph 6.4(c) or 6.4(d) respectively;
 - (b) if the Grantee is an Employee Participant and in the event of his/her ceasing to be a Grantee for any reason other than (1) his/her death, ill-health or retirement in accordance with his/her contract of employment or (2) the termination of his/her employment on one or more of the grounds specified in paragraph 7.1(d) before exercising the Share Option in full, the Share Option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the Share Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 6.4 within such period as the Directors may determine following the date of such cessation or termination or, if any of the events referred to in paragraph 6.4(c) or 6.4(d) occur during such period, exercise the Share Option pursuant to paragraph 6.4(c) or 6.4(d) respectively. The date of cessation or termination as aforesaid shall be the last day on which the Grantee actually worked for the Company or the relevant subsidiary of the Company whether salary is paid in lieu of notice or not;
 - (c) if a general or partial offer, whether by way of takeover offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the Shareholders, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavors to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Share Options granted to them, the Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, the Grantee shall, notwithstanding any other terms on which his/her Share Options were granted, be entitled to exercise the Share Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of paragraph 6.5 at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be;

DIRECTORS' REPORT

- (d) in the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two (2) Business Days before the date on which such resolution is to be considered and/or passed, exercise his/her Share Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of paragraph 6.5 and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his/her Share Option not less than one (1) day before the date on which such resolution is to be considered and/or passed whereupon he/she shall accordingly be entitled, in respect of the Shares allotted and issued to him/her in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Share Options then outstanding shall lapse and determine on the commencement of the winding-up; and
 - (e) if a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of the Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which the Company was incorporated, the Company shall give notice to all the Grantees of the Share Options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a compromise or arrangement and any Grantee may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given (such notice to be received by the Company no later than two (2) Business Days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise of the Share Option credited as fully paid and register the Grantee as holder thereof. With effect from the date of such meeting, the rights of all Grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Share Options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of Grantees to exercise their respective Share Options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.
- 6.5. Shares to be allotted and issued upon the exercise of a Share Option will be subject to the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date when the name of the Grantee is registered on the register of members of the Company and accordingly will entitle the holders thereof to participate in all dividends or distributions paid or made on or after the name of the Grantee is registered on the register of members of the Company, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date when the name of the Grantee is registered on the register of members of the Company. A Share allotted and issued upon the exercise of a Share Option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

7. Early Termination of Option Period

- 7.1. The Option Period in respect of any Share Option shall automatically terminate and that Share Option (to the extent not already exercised) shall lapse at the earliest of:
- (a) the expiry of the Option Period as may be determined by the Directors;
 - (b) the expiry of any of the periods referred to in paragraph 6.4;
 - (c) the date of commencement of the winding-up of the Company;
 - (d) in respect of a Grantee who is an Employee Participant when an Offer is made to him/her, the date on which the Grantee ceases to be an Employee Participant by reason of a termination of his/her employment on any one or more of the grounds that he/she has been guilty of persistent or serious misconduct, or has been liable for a material misstatement in the Company's financial statements, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute and does not involve his integrity or honesty) or (if so determined by the Board) on any other grounds on which an employer would be entitled to terminate his employment summarily;
 - (e) in respect of a Grantee other than an Employee Participant, the date on which the Board shall at their absolute discretion determine that: (i) the Grantee or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and any member of the Group on the other part; or (ii) the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (iii) the Grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and
 - (f) the date on which the Directors shall exercise the Company's right to cancel the Share Option by reason of a breach of paragraph 6.1 by the Grantee in respect of that or any other Share Option.
- 7.2. A resolution of the Directors or written communication on behalf of the Board to the effect that the employment of a Grantee has been terminated on one or more of the grounds specified in paragraphs 7.1(d) and (e) has occurred shall be conclusive and binding on all persons who may be affected thereby.
- 7.3. Transfer of employment of a Grantee who is an Employee Participant from one member of the Group to another member of the Group shall not be considered a cessation of employment. It shall not be considered a cessation of employment if a Grantee who is an employee of the Group is placed on such leave of absence which is considered by the directors of the relevant member of the Group not to be a cessation of employment of the Grantee.

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8. Maximum Number of Shares Available for Subscription

- 8.1. The maximum number of Shares which may be allotted and issued upon exercise of all Share Options, share options or share awards to be granted under the Share Option Scheme and any other share option scheme(s) or share award scheme(s) of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date (being 77,065,000, representing 10% of the shares in issue of the Company as at the date of this report) (the "**Scheme Limit**").
- 8.2. Subject to paragraph 8.1, the total number of Shares which may be allotted and issued in respect of all Share Options or share options or share awards to be granted to Service Providers under the Share Option Scheme and any other share option scheme(s) or share award scheme(s) of the Company must not in aggregate exceed 1% of the total number of Shares in issue as at the Listing Date ("**Service Provider Sublimit**").
- 8.3. For the avoidance of doubt, the Shares underlying any Share Options granted under the Share Option Scheme or any other share option schemes of the Company which have been cancelled will be counted for the purpose of calculating the Scheme Limit and Service Provider Sublimit. Where the Company has reissued such cancelled Share Options, the Shares underlying both the cancelled Share Options and the re-issued Share Options will be counted as part of the total number of Shares subject to paragraphs 8.1 and 8.2. The Share Options, share options or share awards lapsed in accordance with the terms of the Share Option Scheme or (as the case may be) any other share option scheme(s) or share award scheme(s) of the Company will, however, not be regarded as utilized for the purpose of calculating the Scheme Limit and Service Provider Sublimit.
- 8.4. If the Company conducts a share consolidation or subdivision after the Scheme Limit or the Service Provider Sublimit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all Share Options or share awards to be granted under all of the share option scheme(s) or share award scheme(s) of the Company under the Scheme Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.
- 8.5. The Scheme Limit (and the Service Provider Sublimit) may be refreshed at any time by obtaining approval of the Shareholders in general meeting after three years from Adoption Date or the date of Shareholders' approval for the last refreshment, provided that:
 - (a) the total number of Shares which may be issued in respect of all share options and shares awards to be granted under all of the share option scheme(s) or share award scheme(s) of the Company under the Scheme Limit as refreshed (the "**New Scheme Limit**") must not exceed 10% (and the Service Provider Sublimit as refreshed (the "**New Service Provider Sublimit**") must not exceed 1%) of the Shares in issue at the date of the Shareholders' approval of such New Scheme Limit (and New Service Provider Sublimit). Share Options, share options or share awards previously granted under the Scheme or any other share option scheme(s) or share award scheme(s) of the Company (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of this Scheme or any other share option scheme(s) or share award scheme(s) of the Company) will not be counted for the purpose of calculating the total number of Shares subject to the New Scheme Limit (and New Service Provider Sublimit). The Company must send a circular to its Shareholders containing the number of Share Options, share options and share awards that were already granted under the existing Scheme Limit and the existing Service Provider Sublimit, and the reason for the refreshment;

- (b) any refreshment to the Scheme Limit (and the Service Provider Sublimit) within any three-year period must be approved by the Shareholders, where any controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of Company and their respective associates) must abstain from voting in favor of the relevant resolution at the general meeting and in accordance with the requirements under the Listing Rules; and
 - (c) the requirements under paragraph 8.5(b) do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2) of the Listing Rules such that the unused part of the Scheme Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Limit immediately before the issue of securities, rounded to the nearest whole Share.
- 8.6. Without prejudice to paragraph 8.5, the Company may seek separate Shareholders' approval in general meeting to grant Share Options beyond the Scheme Limit (or the Service Provider Sublimit) or, if applicable, the extended limits referred to in paragraph 8.5, provided the share options or share awards in excess of the Scheme Limit (or the Service Provider Sublimit) are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing the name of each specified Eligible Participant who may be granted such share options or share awards, the number and terms of the share options or share awards to be granted to each Eligible Participant, and the purpose of granting options or awards to the specified Eligible Participants with an explanation as to how the terms of the share options or share awards serve such purpose. The number and terms of share options or share awards to be granted to such Eligible Participant must be fixed before Shareholders' approval.
- 8.7. Subject to paragraph 8.8, where any grant of Share Option to a Grantee under the Share Option Scheme would result in the Shares issued and to be issued upon exercise of all Share Options or share awards granted and proposed to be granted to such person (excluding any Share Options or share awards lapsed in accordance with the terms of the Share Option Scheme or other share option scheme(s) or share award scheme(s) of the Company) under this Share Option Scheme and any other share option scheme(s) or share award scheme(s) of the Company in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total number of Shares in issue, such grant must be separately approved by the Shareholders in general meeting with such Grantee and his close associates (or his associates if the Grantee is a connected person of the Company) abstaining from voting. The number and terms of Shares Options or share awards to be granted to such participant must be fixed before Shareholders' approval.
- 8.8. Without prejudice to paragraphs 4.2 and 4.3, each grant of Share Options to a Director, chief executive of the Company or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of the Share Options).

DIRECTORS' REPORT

- 8.9. Where any grant of Share Options to an independent non-executive Director or a substantial shareholder of the Company (or any of their respective associates) would result in the Shares issued and to be issued in respect of all Share Options, share options or share awards granted (excluding any Share Options, share options or share awards lapsed in accordance with the Share Option Scheme or other share option scheme(s) or share award scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such further grant of Share Options shall be subject to the approval by the Shareholders in general meeting at which the Grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favor at such general meeting, and in accordance with the Listing Rules.
- 8.10. For the purpose of seeking the approval of the Shareholders under paragraphs 8.7 and 8.9, the Company must send a circular to its Shareholders containing the information required under the Listing Rules, within such time as may be specified in the Listing Rules.
- 8.11. Any change in the terms of Share Options granted to an Eligible Participant who is a Director, chief executive or substantial shareholder of the Company or an independent non-executive Director of the Company, or any of their respective associates, must be approved by the Shareholders in the manner as set out in Rule 17.04(4) of the Listing Rules if the initial grant of the Share Options requires such approval (except where the changes take effect automatically under the existing terms of the Share Option Scheme).

9. Adjustments to the Exercise Price

- 9.1. In the event of any alteration in the capital structure of the Company whilst any Share Option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation or sub-division of the Shares, reduction of the share capital of the Company, then, in any such case the Company shall request the auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:
- (a) the number or nominal amount of Shares to which the Share Option Scheme or any Share Option(s) relates (insofar as it is/they are unexercised); and/or
 - (b) the Exercise Price of any Share Option; and/or
 - (c) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in a Share Option or which remain comprised in a Share Option, and an adjustment as so certified by the auditors or such independent financial adviser shall be made, provided that:
 - (i) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company, rounded to the nearest whole Share, for which such Grantee would have been entitled to subscribe had he/she exercised all the Share Options held by him/her immediately prior to such adjustment;

- (ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (iii) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (iv) any such adjustment shall be made in compliance with such rules, codes and guidance notes of the Stock Exchange from time to time.

Subject to compliance with the requirements as provided in this paragraph 9, if there is any capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital of the Company prior to the exercise of the Share Options, an adjustment to the number of Share Options shall be made in accordance with the Stock Exchange's FAQ number 072-2020 in relation to Chapter 17 of the Listing Rules (the "FAQ"). The method of adjustment is set out as below:

- (a) Conversion of capital reserve into new Shares, issue of bonus Shares or share subdivision

$$Q = Q0 \times (1 + n)$$

Where: "Q0" represents the number of Share Options before the adjustment; "n" represents the ratio per Share of the conversion of capital reserves into new Shares, issue of bonus Shares or share subdivision; "Q" represents the number of Share Options after the adjustment.

- (b) Consolidation of Shares or share subdivision or reduction of the share capital

$$Q = Q0 \times n$$

Where: "Q0" represents the number of Share Options before the adjustment; "n" represents the ratio of consolidation or share subdivision or reduction of share capital; "Q" represents the number of Share Options after the adjustment.

- (c) Rights issue

$$Q = Q0 \times P1 \times (1 + n) \div (P1 + P2 \times n)$$

Where: "Q0" represents the number of Share Options before the adjustment; "P1" represents the closing price as at the record date; "P2" represents the subscription price of the rights issue; "n" represents the ratio of allotment; "Q" represents the number of Share Options after the adjustment.

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Subject to compliance with the requirements as provided in this paragraph 9, capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital of the Company prior to the exercise of the Share Options, an adjustment to the Exercise Price shall be made in accordance with the FAQ. The method of adjustment is set out below:

- (a) Conversion of capital reserve into new Shares, issue of bonus Shares or share subdivision

$$P = P0 \div (1 + n)$$

Where: "P0" represents the Exercise Price before the adjustment; "n" represents the ratio per Share of the conversion of capital reserves into new Shares, issue of bonus Shares or share subdivision; "P" represents the Exercise Price after the adjustment.

- (b) Consolidation of Shares or share subdivision or reduction of the share capital

$$P = P0 \div n$$

Where: "P0" represents the Exercise Price before the adjustment; "n" represents the ratio of consolidation or share subdivision or reduction of share capital; "P" represents the Exercise Price after the adjustment.

- (c) Rights issue

$$P = P0 \times (P1 + P2 \times n) \div (P1 \times (1 + n))$$

Where: "P0" represents Exercise Price before the adjustment; "P1" represents the closing price as at the record date; "P2" represents the Exercise Price of the rights issue; "n" represents the ratio of allotment; "P" represents the Exercise Price after the adjustment. In respect of any adjustment referred to in this paragraph 9.1, other than any adjustment made on a capitalisation issue, the auditors or such independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

- 9.2. If there has been any alteration in the capital structure of the Company as referred to in paragraph 9.1, the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 6.2, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the auditors or the independent financial adviser obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the auditors or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with paragraph 9.1.
- 9.3. In giving any certificate under this paragraph 9, the auditors or the independent financial adviser appointed under paragraph 9.1 shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby. The costs of the auditors or the independent financial adviser to the Company shall be borne by the Company.

10. Cancellation of Share Options Granted

- 10.1. Subject to paragraph 6.1 and Chapter 17 of the Listing Rules, any Share Option granted but not exercised may not be cancelled except with the prior written consent of the relevant Grantee and the approval of the Directors.
- 10.2. Where the Company cancels any unvested Share Option granted to a Grantee or any vested (but not exercised) Share Option and issues new Share Option(s) to the same Grantee, the issue of such new Share Option(s) may only be made with available Scheme Limit, Service Provider Sublimit or the limits approved by the Shareholders pursuant to paragraph 8.5.
- 10.3. The Share Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Limit (and the Service Provider Sublimit).

11. Alteration of the Share Option Scheme

- 11.1. Subject to paragraphs 11.2 to 11.4, the Share Option Scheme may be altered in any respect by a resolution of the Directors except that:
 - (a) any alteration to the provisions of the Share Option Scheme which are of a material nature; and
 - (b) any alteration to the provisions of the Share Option Scheme relating to the matters governed by Rule 17.03 of the Listing Rules to the advantage of Grantees;must be approved by a resolution of the Shareholders in general meeting.
- 11.2. Any change to the terms of Share Options granted to an Eligible Participant must be approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Share Options was approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be) in accordance with the terms of the Share Option Scheme and Chapter 17 of the Listing Rules, unless the alterations take effect automatically under the existing terms of the Share Option Scheme.
- 11.3. Any change to the authority of the Directors or the administrators of the Share Option Scheme to alter the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.
- 11.4. The amended terms of the Share Option Scheme and/or any Share Options pursuant to this paragraph 11 must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- 11.5. Where the terms of the Share Option Scheme are amended, the Company shall, immediately upon such changes taking effect, provide to all Eligible Participants all details relating to changes in the terms of this Share Option Scheme during the life of this Share Option Scheme.

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12. Termination of the Share Option Scheme

The Company by resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further Share Options will be offered, but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Share Options (to the extent not already exercised) granted or any Share Options exercised but remaining outstanding prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme, and Share Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme. Details of the Share Options granted, including Share Options exercised or outstanding, under the Share Option Scheme must be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established or refreshment of scheme mandate limit under any existing scheme after such termination.

PRESENT STATUS OF THE SHARE OPTION SCHEME

Since the effective date of the Share Option Scheme and up to the date of this report, the Company has not granted or agreed to grant any options under the Share Option Scheme.

USE OF THE NET PROCEEDS FROM THE GLOBAL OFFERING

The Company issued 125,000,000 shares by Global Offering at the consideration of HK\$1.04 per share, and was listed on the main board of the Stock Exchange on 10 November 2023. The net proceeds from the Global Offering received by the Company (after deducting underwriting fees and commissions and other expenses payable of the Company related to the Global Offering) was approximately HK\$72.14 million, which will be utilized in the manner described in the section headed "Future Plans and Use of Proceeds" to the Prospectus.

IMPLEMENTATION PLAN

The following table sets forth the usage of the proceeds from listing by the Company as at 31 December 2025:

Business strategies	Aggregate amount (HK\$'million)	Proportion %	Net proceeds utilized during the Reporting Period (HK\$'million)	Amount utilized as of 31 December 2025 (HK\$'million)	Amount not utilized as of 31 December 2025 (HK\$'million)	Expected time to utilize the remaining net proceeds
I. Strengthen data analytical capabilities and further enhance our branding services	22.06	30.6	-	22.06	-	-
(i) Establish our branding data platform and R&D database	14.50		-	14.50	-	-
(ii) Acquire more comprehensive market and industry data	7.00		-	7.00	-	-
(iii) Recruitment of additional staff for our R&D department	0.56		-	0.56	-	-

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Business strategies	Aggregate amount (HK\$'million)	Proportion %	Net proceeds utilized during the Reporting Period (HK\$'million)	Amount utilized as of 31 December 2025 (HK\$'million)	Amount not utilized as of 31 December 2025 (HK\$'million)	Expected time to utilize the remaining net proceeds
II. Expand our online media advertising services	14.91	20.7	–	14.91	–	–
(i) Enhance our online media advertising platform	4.66		–	4.66	–	–
1. Engagement of IT service provider to enhance our online media advertising platform	2.33		–	2.33	–	–
2. Procurement of software	0.93		–	0.93	–	–
3. Procurement of hardware	1.40		–	1.40	–	–
(ii) Develop in-house content production capabilities	10.25		–	10.25	–	–
1. Setting up of video studio premises	4.33		–	4.33	–	–
2. Purchase of equipment and software	5.92		–	5.92	–	–
III. Expand the geographical reach of our services	19.23	26.6	7.63	7.63	11.60	By the end of the year ended 31 December 2026
(i) Setting up of new office in Beijing	9.63		7.63	7.63	2.00	By the end of the year ended 31 December 2026
1. Rental cost	2.77		2.19	2.19	0.58	By the end of the year ended 31 December 2026
2. Decoration cost	1.15		0.91	0.91	0.24	By the end of the year ended 31 December 2026
3. Staff cost	4.57		3.62	3.62	0.95	By the end of the year ended 31 December 2026
4. Office facilities cost	0.54		0.43	0.43	0.11	By the end of the year ended 31 December 2026
5. Other administrative expenses	0.60		0.48	0.48	0.12	By the end of the year ended 31 December 2026

DIRECTORS' REPORT

Business strategies	Aggregate amount (HK\$'million)	Proportion %	Net proceeds utilized during the Reporting Period (HK\$'million)	Amount utilized as of 31 December 2025 (HK\$'million)	Amount not utilized as of 31 December 2025 (HK\$'million)	Expected time to utilize the remaining net proceeds
(ii) Setting up of new office in Shanghai	9.60		–	–	9.60	By the end of the year ended 31 December 2026
1. Rental cost	2.50		–	–	2.50	By the end of the year ended 31 December 2026
2. Decoration cost	1.15		–	–	1.15	By the end of the year ended 31 December 2026
3. Staff cost	4.81		–	–	4.81	By the end of the year ended 31 December 2026
4. Office facilities cost	0.54		–	–	0.54	By the end of the year ended 31 December 2026
5. Other administrative expenses	0.60		–	–	0.60	By the end of the year ended 31 December 2026
IV. Improve our brand recognition and increase our marketing efforts	9.70	13.4	1.02	2.44	7.26	By the end of the year ended 31 December 2026
(i) Organise and host marketing events and activities	9.70		1.02	2.44	7.26	By the end of the year ended 31 December 2026
V. Working capital	6.24	8.7	2.60	6.24	–	–
Total:	72.14	100.0	11.25	53.28	18.86	

As of 31 December 2025, the Group has utilized the net proceeds from the Global Offering of HK\$53.28 million.

FUTURE PLANS FOR SIGNIFICANT INVESTMENT AND CAPITAL ASSETS

Save as disclosed in the Prospectus and in the section headed "Use of the Net Proceeds from the Global Offering" in this annual report, the Group did not have any future plans for significant investment and capital assets during the Reporting Period.

CHANGES IN DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INFORMATION

Save as disclosed in the section headed "Directors and Senior Management", there is no other change in Directors' and Chief Executive Officer's biographical details which is required to be disclosed pursuant to rule 13.51B (1) of the Listing Rules since the date of the 2025 interim report of the Company.

LEGAL PROCEEDING AND COMPLIANCE

During the Reporting Period, the Group was not involved in any material legal proceedings.

ANNUAL GENERAL MEETING

The Annual General Meeting ("AGM") will be held at No.1 Meeting Room, 1st Floor, Block 2 Office Building, Phase II Shuisheng Keji Yuan, 1 Chagang Xincun Dongyuan, Wuchang District, Wuhan City, Hubei Province, the PRC at 10:00 a.m. on Friday, 26 June 2026. The notice convening the AGM will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.youmeimu.com) and will be despatched (if requested) to shareholders in due course in accordance with the requirements of the Listing Rules.

CLOSURE OF THE REGISTER OF MEMBERS

In order to determine the entitlement of shareholders to attend and vote at the AGM on Friday, 26 June 2026, the register of members of the Company will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 22 June 2026 (Hong Kong time).

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company's securities.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS

There was no other related party transaction or continuing related party transaction set out in Note 28 to the consolidated financial statements in this annual report which constitutes discloseable connected transaction or continuing connected transaction under the Listing Rules.

DIRECTORS' INDEMNITY

Pursuant to the Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in the execution of his/her duties in his/her office.

MINIMUM PUBLIC FLOAT

Based on the information available to the Company and to the best knowledge of the Directors, as of the date of this annual report, at least 25% of the total number of issued shares of the Company have been held by the public as required under the Listing Rules.

AUDITORS

The Group's consolidated financial statements for FY2025 have been audited by BDO Limited.

BDO Limited will retire and being eligible, offer themselves for re-appointment in the forthcoming AGM. A resolution to re-appoint BDO Limited as the auditor of the Company will be proposed at the AGM.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance practices. Information about the corporate governance practices adopted by the Company is set out in the corporate governance report on pages 53 to 70 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

There have been no significant matters subsequent to the Reporting Period and up to the date of this annual report.

On behalf of the Board
Huashi Group Holdings Limited
Chen Jicheng
Chairman and Chief Executive Officer

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report for FY2025.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to protect the interests of shareholders and enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix C1 to the Listing Rules as its own code of governance.

For FY2025, except for deviations from Code Provision C.1.7, C.2.1 and C.5.1 of the CG Code, the Company has complied with all applicable code provisions set out in the CG Code.

Under Code Provision C.1.7 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. Currently, the Company does not have insurance cover for legal action against its Directors. Every Director is, subject to the provisions of the applicable laws, indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities he/she may sustain or incur in or about the execution of his/her office or otherwise in relation thereto pursuant to the Articles of Association of the Company. However, as the Company considered its risk management and internal control systems are effective and constantly under review, and as all the executive Directors and management are familiar with the operation of the Group, the Company believes that the risk of the Directors being sued or getting involved in litigation in their capacity as Directors is relatively low, and hence the Company is of the view that the benefits of the insurance may not outweigh the cost.

Under Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer shall be separated and shall not be performed by the same individual. Mr. Chen Jicheng is the chairman and chief executive officer of the Company and the roles of Mr. Chen Jicheng have not been separated in accordance with Code Provision C.2.1 of the CG Code.

In view of the fact that Mr. Chen has been responsible for the day-to-day operation and management of the Group since February 2011, and has accumulated extensive experience and knowledge in our business, the Board believes that Mr. Chen can undertake effective management and business development in both roles, which is in the best interests of the Group. Accordingly, the Directors are of the opinion that the deviation from Code Provision C.2.1 of the CG Code is appropriate under such circumstance. The Board considers that this management structure is effective for the business operation of the Group and can form sufficient checks and balances.

Pursuant to Code Provision C.5.1 of the CG Code, the Board should meet regularly and Board meetings are held at least four times a year at approximately quarterly intervals.

During FY2025, the Board held two Board meetings instead of the four meetings as required by Code Provision C.5.1 of the CG Code. Regular meetings of the Board were held to consider and approve, among other things, the annual results of the Group for 2024 and the interim results for 2025. The Company does not publish quarterly results and hence does not consider the holding of quarterly meetings as necessary. Nevertheless, the members of the Board Committees have regularly communicated with each other and will continue to hold regular meetings thereafter to keep up-to-date on the affairs of the Company.

The Group will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

CORPORATE GOVERNANCE REPORT

(A) BOARD OF DIRECTORS

Board Responsibilities

The Board is the chief decision maker of the Company and is responsible for leading and controlling the Company and supervising and approving major decisions regarding the financial performance, strategic development objectives and business of the Company. The Board grants to management the authority and responsibility for the day-to-day operation and management of the Company as directed by the Board. The Board has established three committees, namely, the audit committee (“**Audit Committee**”), the remuneration committee (“**Remuneration Committee**”) and the nomination committee (“**Nomination Committee**”) (collectively, the “**Board Committees**”) of the Board, and has delegated a number of responsibilities to the Board Committees. All Board Committees perform different responsibilities according to their respective terms of reference.

All Directors shall at all times ensure that they perform their duties in good faith, in compliance with applicable laws and regulations and in the interests of the Company and the Shareholders.

Under the leadership and supervision of the Chief Executive Officer, the senior management of the Group is responsible for the management of the daily operations of the Company and the operation of various functions. The Board gives clear instructions to the senior management by deliberating on matters such as the Company’s annual focus. Matters for which the Board has delegated authority to the management to decide include the implementation of strategies and directions determined by the Board, the operation of the Group’s business and compliance with applicable laws.

The Board also reserves for its decision on all major matters of the Group, including the approval and monitoring of all corporate governance and policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

The Board is also authorized the power of corporate governance and is responsible for performing the functions pursuant to the Code Provision A.2.1 of the CG Code. The Board has reviewed and discussed the Group’s corporate governance policies and is satisfied with the effectiveness of the corporate governance policies.

Board Composition

Our Board comprises seven Directors, including four executive Directors and three independent non-executive Directors. During the Reporting Period and up to the date of this annual report, the Board comprises the following Directors:

Executive Directors

Mr. Chen Jicheng (*Chairman and Chief Executive Officer*)
Ms. Chen Jizhen (*Vice Chairman*) (*Appointed on 27 March 2025*)
Mr. Zhang Bei
Ms. Xue Yuchun
Ms. Wang Shujin (*Retired on 27 June 2025*)

Independent Non-executive Directors

Dr. He Weifeng
Mr. Peng Litang
Mr. Li Guangdou
Mr. How Sze Ming (*Resigned on 27 June 2025*)

CORPORATE GOVERNANCE REPORT

Ms. Chen Jizhen is the sister of Mr. Chen Jicheng, who is the Chairman of the Board, an executive Director, Chief Executive Officer and a Controlling Shareholder of the Company. Save as disclosed above, there is no material financial, business, family or other relationship between any members of the Board. The biographies of the Directors are set out under the section headed “Directors and Senior Management” in this annual report. All the Directors, including the independent non-executive Directors, bring a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

Each of the executive Directors and the independent non-executive Directors has entered into a three-year service contract or a letter of appointment with the Company (as the case maybe). According to the Articles of Association, each Director is subject to retirement by rotation and re-election.

During the year ended 31 December 2025, Mr. Chen Jicheng, the Chairman, and the independent non-executive Directors held a meeting without other Directors to discuss the impact of the current AI technology on the development of the media industry and AI business layout of the Company. At the same time, Mr. Chen Jicheng encouraged the Directors to actively express their suggestions on the operation and development of the Company and matters of concern to the Company, to ensure that appropriate steps are taken to communicate effectively with the Shareholders, and to ensure that the Shareholders’ feedbacks can be communicated to the entire Board.

Compliance with the Model Code for Securities Transactions by Directors

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by all Directors and related employees (as defined in the Model Code). Having made specific enquiry of all Directors, each of the Directors has confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

Independent Non-executive Directors

The Company has complied with the requirements under Rules 3.10 and 3.10A of the Listing Rules in relation to the appointment of independent non-executive Directors representing at least one-third of the number of members of the Board, and one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise.

The Company has received annual confirmations from each of the independent non-executive Directors in respect of his independence under Rule 3.13 of the Listing Rules. The Board has assessed their independence in accordance with the Listing Rules and confirmed that all independent non-executive Directors are deemed independent.

CORPORATE GOVERNANCE REPORT

Mechanism in respect of Independent Views and Opinions available to the Board

Each independent non-executive Director shall promptly notify the Company of any changes in his or her personal circumstances that may affect his or her independence. The Board has reviewed and is satisfied that, on FY2025, the mechanism has effectively ensured the provision of independent perspectives and opinions to the Board. The Company ensures that the Board has a strong independent element, and ensures that there is a good mechanism to assist the Board to obtain independent views and opinions, so that the Board can effectively make independent judgments and enhance the accountability and transparency of the Board, so as to better protect the interests of the Shareholders. Specific mechanisms include: independent non-executive Directors are required to confirm their independence to the Company in writing in accordance with the procedures and requirements for nominating Directors of the Company upon appointment, and the Listing Rules and the regulatory requirements of the independence, qualifications, number and diversity of Directors. The Nomination Committee assesses the independence of all independent non-executive Directors on an annual basis and confirms that each independent non-executive Director still meets the independence standards set out in the Listing Rules and that each member of the Nomination Committee avoids assessing his or her own independence. The Company encourages the Directors to have independent access to and consult with the senior management of the Company. The Directors of the Company shall be entitled to seek independent professional views in the performance of their duties at the expense of the Company, if necessary.

Each of the independent non-executive Directors shall notify the Company of any change in his personal information which may affect his independence as soon as possible. The Board has reviewed and considered that the mechanism was effective in ensuring that independent views and opinions were provided to the Board for FY2025.

Induction Training and Continuous Professional Development

Ms. Chen Jizhen was appointed as an executive Director on 27 March 2025, and she attended a training course on 25 March 2025. Pursuant to Rule 3.09D of the Listing Rules, she obtained a legal opinion from a law firm qualified to advise on Hong Kong law in relation to the requirements under the Listing Rules applicable to her as a director of a listed issuer and the possible consequences of making a false declaration or providing false information to the Stock Exchange on 24 March 2025. Ms. Chen Jizhen has confirmed that she was aware of her obligations as a director of a listed issuer.

Each of our Directors will be provided with the necessary induction training and information to ensure that he/she has a full understanding of the operations and business of our Company and his/her responsibilities under the relevant regulations, by-laws, rules and laws. The Company will continue to arrange lectures regularly to provide the Directors with the latest developments and changes in the Listing Rules and other relevant laws and regulations from time to time. The Directors are also provided with regular updates on the performance, status and prospects of the Company to enable the Board as a whole and the Directors to perform their duties.

CORPORATE GOVERNANCE REPORT

As at 31 December 2025, the Company provided training materials on the Listing Rules and other applicable regulatory requirements to the Directors and the management of the Company.

Name of Directors	Read materials or attend briefings and/or lectures and/or meetings related to regulatory and governance updates
Executive Directors	
Mr. Chen Jicheng	✓
Ms. Chen Jizhen (<i>Appointed on 27 March 2025</i>)	✓
Mr. Zhang Bei	✓
Ms. Xue Yuchun	✓
Ms. Wang Shujin (<i>Retired on 27 June 2025</i>)	-
Independent non-executive Directors	
Dr. He Weifeng	✓
Mr. Peng Litang	✓
Mr. Li Guangdou	✓
Mr. How Sze Ming (<i>Resigned on 27 June 2025</i>)	-

Board Meetings

The Board meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. Code Provision C.5.1 of the CG Code stipulated that at least four regular meetings of the Board are held annually and at approximately quarterly intervals, and that a majority of the Directors are required to actively participate in the meeting (whether in person or by electronic means).

The Company has adopted the practice of holding regular Board meetings. Notice of not less than 14 days is given for all regular board meetings to provide all Directors with an opportunity to attend and include matters in the agenda. For other committee meetings, three days' prior notice before meeting is given. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting.

Directors can separately get access to the senior management and the company secretary at all times and may seek independent professional advice if they need at the Company's expense.

The minutes of Board meetings and committee meetings are fully recorded and include matters considered and decisions reached by the Board and committees, including any questions raised by the Directors. Draft minutes of each Board meeting and committee meeting will be sent to the Directors within a reasonable time after the date of the meeting to give them the opportunity to request amendments.

CORPORATE GOVERNANCE REPORT

When a Director has significant interests in the resolution, the Director shall abstain, and shall not exercise voting rights on the resolution, nor shall he exercise voting rights on behalf of other Directors. Such Director is excluded from the calculation of the quorum of Directors present at the relevant meeting. The procedures of the meeting of the Board and their scope of work comply with C.5 of the CG Code.

For the year ended 31 December 2025, the Board held two board meetings instead of four meetings as required by Code Provision C.5.1. The regular meetings were held by the Board to consider and discuss the annual results for 2024 and the interim results for 2025 of the Group. The Company did not publish the quarterly results and therefore does not consider it necessary to hold a meeting on a quarterly basis. Nevertheless, the members of the Board Committees have regularly communicated with each other and will continue to hold regular meetings thereafter to keep up-to-date on the affairs of the Company. The Chairman of the Board held one meeting with the independent non-executive Directors, at which no executive Directors were present. The attendance of each Director at Board meetings, committee meetings and general meetings, whether in person or by means of electronic communication, is detailed in the table below:

	Attendance/Number of Meetings				AGM
	Board	Audit Committee	Remuneration Committee	Nomination Committee	
Directors					
Executive Directors					
Mr. Chen Jicheng	2/2	–	–	2/2	1/1
Ms. Chen Jizhen (Appointed on 27 March 2025) ⁽¹⁾	1/2	–	–	–	1/1
Mr. Zhang Bei	2/2	–	–	–	1/1
Ms. Xue Yuchun	2/2	–	–	–	1/1
Ms. Wang Shujin (Retired on 27 June 2025)	1/2	–	1/2	–	–
Independent non-executive Directors					
Dr. He Weifeng	2/2	2/2	2/2	–	1/1
Mr. Peng Litang	2/2	2/2	2/2	2/2	1/1
Mr. Li Guangdou	2/2	2/2	–	2/2	1/1
Mr. How Sze Ming (Resigned on 27 June 2025)	1/2	–	–	–	–

Note:

(1) Ms. Chen Jizhen has been appointed as a member of the Remuneration Committee, effective August 29, 2025.

CORPORATE GOVERNANCE REPORT

Appointment, Re-election and Removal of Directors

The procedures for appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the composition of the Board, studying and formulating procedures for the nomination and appointment of Directors, supervising the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

Each of the executive Directors and independent non-executive Directors has entered into a service contract or a letter of appointment with the Company for an initial fixed term of three years with effect from 9 October 2023 or 27 March 2025 (as the case maybe). Such term is subject to his/her re-election by the Company at an annual general meeting upon retirement. The Articles of Association provides that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office or any Director appointed by the Board as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his/ her appointment and shall then be eligible for re-election at the meeting. In accordance with the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and being eligible offer themselves for re-election.

Pursuant to Articles 108 and 112, Mr. Chen Jicheng, Ms. Chen Jizhen and Ms. Xue Yuchun will retire as Directors at the AGM. All of the above Directors, being eligible, will offer themselves for re-election at the AGM.

Board Committees

The Company has established an audit committee, a remuneration committee and a nomination committee. Each committee has specific written terms of reference that clearly state its authority and responsibilities. The chairmen of these committees will report their findings and recommendations to the Board after the meeting. The corporate governance function is performed by the Board.

1. Audit Committee

The Board has established the Audit Committee pursuant to Rules 3.21 and 3.22 of the Listing Rules and Code Provision D.3 of the CG Code with written terms of reference adopted. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company respectively.

On 31 December 2025, the Audit Committee comprises three independent non-executive Directors (i.e. Dr. He Weifeng, Mr. Peng Litang and Mr. Li Guangdou). Dr. He Weifeng is currently the chairman of the Audit Committee and has the appropriate professional qualifications.

In FY2025, the Audit Committee held two meetings to review and discuss matters such as the Group's annual results for FY2024, the interim results for FY2025, the financial reporting system, risk management and internal control system, etc.

The primary duties of the Audit Committee include, but are not limited to: (i) reviewing and monitoring the relationship of the external auditors and the Group, particularly the independence, objectivity and effectiveness of the external auditors; (ii) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of the Group; (iii) overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (iv) developing, reviewing and monitoring our policies and practices on corporate governance, compliance with legal and regulatory requirements and requirements under the Listing Rules; (v) reviewing the financial statements of the Company including the completeness of the annual and interim reports as well as ensuring compliance with accounting standards and reviewing significant adjustments resulting from audit; and (vi) developing, reviewing and monitoring the code of conduct applicable to our employees and Directors. The written terms of reference of the committee are in line with the provisions of the CG Code.

CORPORATE GOVERNANCE REPORT

2. Remuneration Committee

The Board has established the Remuneration Committee in compliance with Rule 3.25 and Rule 3.26 of the Listing Rules and Code Provision E.1.1 to E.1.5 of the CG Code and has adopted written terms of reference. On December 31 2025, the Remuneration Committee comprises one executive Director (i.e. Ms. Chen Jizhen) and two independent non-executive Directors (i.e. Mr. Peng Litang and Dr. He Weifeng). The Remuneration Committee is currently chaired by Mr. Peng Litang.

The primary duties of the Remuneration Committee include, but are not limited to: (i) making recommendations to the Board on the Group's policy and structure for remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives and ensuring that it is consistent with contractual terms and are reasonable and appropriate; (iii) determining the terms of the remuneration package of our Directors and senior management with reference to their time commitment and responsibilities, and employment condition in the Group, and comparable companies; and (iv) reviewing and/or approving the matters on the share scheme under Chapter 17 of the Listing Rules. The written terms of reference of the committee are in line with the provisions of the CG Code.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company, respectively.

In FY2025, the Remuneration Committee held two meetings and assessed and discussed the performance, remuneration proposals and policies of all Directors and senior management of the Company at the meeting.

Details of the remuneration of each Director are set out in note 12 to the consolidated financial statements of this annual report. During the year, there was no agreement under which a Director waived or agreed to waive any compensation.

Directors' Remuneration Policy

High-quality and loyal staff are valuable assets to the success of the Group. To ensure the ability to attract and retain talents, the Group's Directors' remuneration policy is based on the principle of providing fair and market competitive remuneration packages to support the performance culture and achieve strategic business objectives. Accordingly, the Group's remuneration policy for Directors is designed to provide Directors with competitive but not excessive remuneration packages.

Directors' remuneration consists of fixed salaries or service fees and variable components such as bonuses, which are based on a number of factors such as prevailing market conditions, the performance of the Group and the qualifications, skills, experience, educational background and performance of the Directors and are based on companies of comparable business or size.

Our Directors' remuneration is reviewed annually and subject to Shareholders' approval.

3. Nomination Committee

The Board has established the Nomination Committee in compliance with the requirements of Code Provision B.3 of the CG Code and adopted the written terms of reference. On 31 December 2025, the Nomination Committee comprises one executive Director (i.e. Mr. Chen Jicheng) and two independent non-executive Directors (i.e. Mr. Li Guangdou and Mr. Peng Litang). The Nomination Committee is currently chaired by Mr. Chen Jicheng.

The Nomination Committee is primarily responsible for recommending to the Board suitably qualified persons to become the member of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required as well as assessing the independence of each independent non-executive Director. Its written terms of reference cover recommendations to the Board on the appointment, succession or removal of Directors, evaluation of Board composition and the management of Board succession. The written terms of reference of the committee are in line with the provisions of the CG Code.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company, respectively.

In FY2025, the Nomination Committee held two meetings and discussed the composition of the Board, the independence of independent non-executive Directors and the retirement by rotation of Directors.

Director Nomination Policy

As set out in the nomination policy adopted by the Board pursuant to the CG Code, in assessing the suitability of a proposed candidate, the following factors would be considered by the Nomination Committee:

- Reputation for integrity
 - Accomplishment and experience
 - Compliance with legal and regulatory requirements
 - Commitment in respect of available time and relevant concerns
 - Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.
- As set out in the nomination policy, the nomination procedure is as follows:

- (1) The secretary of the Nomination Committee shall call a meeting of the Nomination Committee and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.
- (2) For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

CORPORATE GOVERNANCE REPORT

- (3) Pursuant to the Articles of Association of the Company, a member (duly qualified to attend and vote at the meeting) who wish to recommend a candidate for election to the office of Director at any general meeting must submit a signed written notice, for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company, provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.
- (4) A candidate is allowed to withdraw his/her candidature at any time before the general meeting by serving a notice in writing to the company secretary of the Company.
- (5) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognises the principle that the Board should strike a balance between appropriate skills, experience and diverse perspectives in relation to the business of the Company.

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

All appointments to the Board are made based on the competence of the candidates, to the extent of the skills, knowledge and experience required by the Board as a whole and taking into account the diverse perspectives of the Board as described above. The Board will annually review the Board Diversity Policy to ensure its continued effectiveness.

To implement the Board Diversity Policy, the Board has established measurable goals that at least one Board member should be a female and will review the goals from time to time to ensure their appropriateness and determine progress towards achieving the goals.

As of the date of this annual report, two Board members are female. The Nomination Committee and the Board consider that the current composition of the Board has achieved the above objectives.

CORPORATE GOVERNANCE REPORT

Gender Diversity

The Company attaches importance to gender diversity at all levels of the Group. The following table sets forth the gender ratios of the employees of the Group, including the Board and senior management, as at the date of this annual report:

	Female	Male
Board	28.6% (2 persons)	71.4% (5 persons)
Senior management	66.7% (4 persons)	33.3% (2 persons)
Other employees	56% (140 persons)	44% (110 persons)
All staff	56.2% (144 persons)	43.8% (112 persons)

The Board is of the view that this ratio has reached the goal of gender diversity for all staff and that the Group will maintain a similar ratio for the foreseeable future.

Senior Management Remuneration

The amounts of the Group's senior management remuneration for the Reporting Period are within the following band:

	Number of individuals
HK\$1,000,000 or less	6
HK\$1,000,001 to HK\$1,500,000	–

Company Secretary

Ms. Lai Janette Tin Yun (賴天恩女士) serves as the Company's secretary and she is a senior manager of Company Secretarial Services in Vistra Group. During the Reporting Period, Ms. Lai Janette Tin Yun received no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Ms. Xue Yuchun, an Executive Director and the Compliance Officer of the Company, has been designated as the principal contact person of the Company, who will cooperate and communicate with Ms. Lai Janette Tin Yun on corporate governance, secretarial and administrative matters of the Company.

CORPORATE GOVERNANCE REPORT

(B) FINANCIAL REPORTING AND INTERNAL CONTROLS

Financial Reporting

The Directors' statement of responsibility for the financial statements set out below should be read in conjunction with the auditors' statement of responsibility in the independent auditors' report included in this annual report. Both liability statements should be construed separately.

The Directors confirm that it is their responsibility to prepare financial statements for each financial year that give a true view of the operating results of the Company. So far as the Directors are aware, there have not been any significant events or circumstances that could have a material adverse effect on the continuing operations of the Company during the Reporting Period.

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Company for FY2025 which give a true and fair view of the state of affairs of the Company and of the results and cash flow for the relevant period. The Directors consider that the consolidated financial statements of the Company for FY2025 have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and the management. 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. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis. The statements of the auditor of the Company about its reporting responsibility on the consolidated financial statements of the Company is set out in the section headed "Independent Auditor's Report" in this annual report.

Auditor's Remuneration

The remuneration paid and payable to the Company's external auditor for audit services and non-audit services for FY2025 is as follows:

Service category	Fees paid/payable RMB'000
Audit services:	
– Annual audit in 2025	1,000
Non-audit services	
– Agreed-upon procedures for the Six Months Ended June 2025	380
Total	1,380

Risk Management and Internal Control

The Board is aware that it is the responsibility of the Board to maintain adequate risk management and internal control systems to safeguard Shareholders' investment and the assets of the Company. Risk management and internal controls are designed to manage, rather than eliminate, the risk that business objectives will not be achieved and only provide reasonable, not absolute, assurance against material misstatement or loss.

CORPORATE GOVERNANCE REPORT

Main Features of Risk Management and Internal Control Systems

The risk management framework of the Group and the main responsibilities of its members in the framework are described as follows:

Members	Main responsibilities
The Board	<ul style="list-style-type: none">• Set up goals for risk management strategy, assess and determine the nature and extent of risk acceptable to achieve the strategy goals;• Establish and maintain a proper and effective risk management and internal control systems; and• Review the effectiveness of the risk management and internal control systems annually.
Audit Committee	<ul style="list-style-type: none">• Assist the Board in overseeing the risk level and the design and performance of the risk management and internal control systems;• Discuss the risk management and internal control systems with the management;• Ensure that the internal audit function has sufficient resources for operation and has a proper position, review and supervise its performance; and• Report the risk status of the Group and issues to be concerned or improved to the Board on a regular basis.

CORPORATE GOVERNANCE REPORT

The Process Used to Identify, Assess and Manage Principal Risks

The process used by the Group to identify, assess and manage significant risks is summarized as follows:

Risk Identification

- Identify risks that may affect the Group's business and operations.

Risk Assessment

- Assess identified risks using assessment criteria established by management; and
- Consider the impact on and consequences of the business and whether it may occur.

Risk Response

- Prioritize risks based on comparative risk assessment results; and
- Identify risk management strategies and internal monitoring processes to prevent, avoid or mitigate risks.

Monitoring and Reporting Risks

- Monitor risks on an ongoing and regular basis to ensure appropriate internal control processes are in place;
- Modify risk management strategies and internal control processes in the event of any significant changes in the situation; and
- Report the risk monitoring results to the management and the Board on a regular basis.

The Process Used to Review the Effectiveness of the Risk Management and Internal Control Systems and to Resolve Material Internal Control Defects

The Group establishes a risk management information and communication channel that is functional within the whole basic risk control procedure, connects different levels in the reporting system and different departments and operation units, so as to ensure timely, accurate and complete communication of information, laying a solid foundation for the monitoring and improvement of risk management.

Different departments and business units of the Group regularly inspect and examine their own risk management process in order to spot the shortcomings and remedy the situation if possible. Their inspection and examination reports are delivered to the Group's management in time.

Under the Code Provision D.2.2 of the CG Code, the Company shall have an internal audit function. However, due to the size of the Company and cost efficiency, the Company currently does not have an internal audit function. Instead, the Audit Committee is responsible for reviewing the internal control system on an annual basis. The review covers the adequacy of the Company's risk management and internal control systems, effective analysis and independent assessment of the adequacy of resources, staff qualifications and experience, training programs and the Company's accounting budget, internal audit, financial reporting functions and the Company's environmental, social and governance ("ESG") performance and reporting related matters. The Board considers that appropriate measures have been put in place to manage risk and no material issues have been raised for improvement during the review. The Company will review the need for establishing an internal audit function on an annual basis.

CORPORATE GOVERNANCE REPORT

The Audit Committee has reviewed the Group's risk management and internal control systems during the Reporting Period, the results of which have been summarised and reported to the Board. The Board has also reviewed the effectiveness of the Group's risk management and internal control systems for the Reporting Period. The Board further considers that during the Reporting Period, (i) the Group did not have any material issues relating to the Group's risk management and internal control in relation to its financial, operational and compliance monitoring and risk management functions; and (ii) the Group's risk management and internal control systems are effective and adequate.

(C) ANTI-CORRUPTION AND WHISTLE-BLOWING POLICIES

The Group operates with integrity and regards good corporate governance as an important cornerstone for the sustainable development of the Company. The Group requires its staff to adhere to high standards of integrity and ethical conduct, and strictly prohibits any corrupt or fraudulent conduct. We strictly comply with the relevant laws and regulations on the prevention of bribery, extortion, fraud and money laundering. All members of the Group should take the initiative to avoid any conflict of interest or abuse their positions or powers in the Group for personal gain.

The Company also has a whistle-blowing policy that serves the purpose of establishing whistle-blowing procedures for employees and other relevant external parties of our Company, in order to report and escalate any suspicious misconducts to the Audit Committee in writing. In accordance with the policy, we protect all whistleblowers from any kind of retaliation. All the information provided by the whistleblowers will be strictly confidential.

The Company has developed its disclosure policy of inside information which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

(D) DIVIDEND POLICY

Code Provision M(a) of the CG Code stipulates that the issuer should have a policy on payment of dividends and should disclose it in the annual report. The Board recommends the declaration of dividends based on the financial performance of the Company, the interests of the Shareholders, the business conditions and strategies of the Company, capital requirements, tax considerations, contractual, statutory and regulatory restrictions and other factors that the Board considers relevant. Dividends shall be declared to the Shareholders of the Company in general meeting from time to time, but not exceeding the amount recommended by the Board. Any declaration and payment of dividends shall be subject to the requirements under the Articles of Association and relevant laws.

The Board confirmed that all dividend decisions were made in accordance with the Company's dividend policy.

CORPORATE GOVERNANCE REPORT

(E) COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company has established a Shareholder Communication Policy. The purpose of this policy is to promote effective communication with Shareholders and other stakeholders, encourage active participation of Shareholders in the Company and enable Shareholders to effectively exercise their rights as shareholders. The Board has reviewed the implementation and effectiveness of the Shareholder Communication Policy, which enables the Company to communicate effectively with Shareholders through regular meetings and timely updating of the Company's financial results and business development and is satisfied with the implementation and effectiveness of relevant shareholder communication measures.

The Company has established the following multiple channels to maintain continuous communication with Shareholders:

1. Corporate Communications

"Corporate Communication" as defined in the Listing Rules means any document issued or to be issued by the Company for the information or action of the holders of any of its securities, including but not limited to the following documents of the Company: (a) the directors' report, its annual accounts together with a copy of the auditors' report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange's website (www.hkex.com.hk) in a timely manner as required by the Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Listing Rules. Shareholders and non-registered holders of the Company's securities should have the right to choose the language (Chinese version or English version) or means of receipt of the Corporate Communications (in hard copy or through electronic means).

2. Company Website

Any information or documents of the Company posted on the Stock Exchange's website will also be posted on the Company's website (www.youmeimu.com).

3. Shareholders' Meetings

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Chairman of the Board and other Board members, the chairmen of board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders' questions (if any). The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent Shareholders' approval.

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4. Shareholders' Enquiries

Shareholders who are in doubt about their shareholdings should consult the Company's Hong Kong branch share registrar, Tricor Investor Services Limited. Generally, the Company will not deal with verbal or anonymous enquiries. Shareholders may send written enquiries to the Company.

(F) SHAREHOLDERS' MEETINGS AND SHAREHOLDERS' RIGHTS

Shareholders may contact the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for any enquiries as to their shareholdings and dividends. If a Shareholder wishes to submit an enquiry to the Board, he/she may send a written enquiry to the Board of Directors at the principal place of business in the PRC. Shareholders should provide their full name, contact details and identification in order to give effect thereto. Shareholders may at any time request information which is available for public inspection.

Pursuant to the code provisions of the CG Code, to safeguard Shareholders' interests and rights, in respect of each substantially separate issue at a general meeting, a separate resolution would be proposed by the chairman of that meeting. The Chairman of the Board should attend the Company's annual general meetings and arrange for the chairman of the Audit, Remuneration and Nomination Committees or in the absence of the chairman of such committees, another member of the committee, to be available to answer questions at the Company's annual general meetings. The Company would arrange for the notice to shareholders to be sent in the case of an annual general meeting not less than 21 days before the meeting and to be sent not less than 14 days in the case of all other general meetings. The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of the detailed procedures for conducting a poll and then answer any questions from Shareholders regarding voting by way of a poll.

Pursuant to article 64 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying rights of voting at general meetings. Such requisition shall be made in writing to the Board or company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

CORPORATE GOVERNANCE REPORT

Procedure for Resolutions by Shareholders in General Meeting

Shareholders who wish to put forward proposals at general meetings may follow Article 64 of the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 64 of the Articles of Association are set out above.

Pursuant to Article 113 of the Articles of Association, no person (other than a retiring Director), shall, unless recommended by the Board for election, be eligible for election to the office of director at any general meeting unless the Shareholders give notice in writing of their intention to nominate such person for election as a Director and such person gives notice in writing of his willingness to be elected, which notice must be delivered to the head office or the registration office during the period not earlier than the day following the day on which the notice of the general meeting at which the election is to be held is sent and not later than seven days before such general meeting is held, and the minimum period of such notice delivered to the Company is at least seven days.

As at the date of this annual report, based on the information available to the Company from the public and to the best knowledge of the Directors, the Company has maintained adequate public float requirement as required under the Listing Rules.

(G) CONSTITUTIONAL DOCUMENT CHANGES

The Company has not made any changes to its constitutional documents during the Reporting Period. The latest version of the Memorandum of Association and the Articles of Association are available on the websites of the Company and the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THIS REPORT

1.1 Report Summary

This is the 2025 Environmental, Social and Governance (“**ESG**”) report issued by the Group, which aims to disclose the Company’s strategies, practices, measures and results in ESG in 2025 to government and regulatory authorities, shareholders and investors, employees, customers and other stakeholders, so as to promote the stakeholders’ understanding of our sustainability performance.

1.2 Scope and Period of Reporting

In accordance with the substantive principles, this Report covers the Company and its subsidiaries. The reporting period is from 1 January 2025 to 31 December 2025, which is consistent with the financial year covered by the Group’s 2025 Annual Report.

1.3 Preparation Guidelines and Principles of the Report

This Report has been prepared in accordance with Appendix C2 – Environmental, Social and Governance Reporting Code (the “**ESG Reporting Code**”) to the Listing Rules of the Stock Exchange and complies with the reporting principles of the ESG Reporting Code, including:

Reporting Principles	Our Response
“Materiality” Principle	The Group has identified material ESG issues as well as climate related risks and opportunities of the Group through stakeholders engagement and materiality assessment and made targeted disclosure in the ESG Report.
“Quantitative” Principle	This Report adopts quantitative information to disclose the key performance indicators (KPIs) in the environmental and social aspects. Quantitative information should be accompanied by a narrative, explaining its purpose and impact.
“Balance” Principle	This report follows the principle of balance, comprehensively detailing the Group’s achievements and challenges while objectively presenting its ESG management performance.
“Consistency” Principle	This Report will ensure that the scope of disclosures and method of reporting is broadly consistent from year to year to facilitate comparison of the performance of the Group by the stakeholders annually.

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1.4 Contact Information

This Report is being published electronically and can be accessed and downloaded from the website of the Stock Exchange (www.hkexnews.hk). The Group values your views for this Report and welcomes your feedback and views on any sustainability measures in the content and form of this Report. You can contact us through the contact information listed on our official website (www.youmeimu.com).

2. ESG MANAGEMENT

While striving to continuously develop its business and steadily improve its efficiency, the Group will adhere to its concept of sustainable development. The Group will continue to improve its ESG governance standards and pay attention to the needs of various stakeholders to support the achievement of the United Nations Sustainable Development Goals and drive the deep integration and synergistic coexistence of environmental, social, and business development, establishing a sustainable framework that underpins the Company's long-term value growth.

2.1 Statement of the Board of Directors

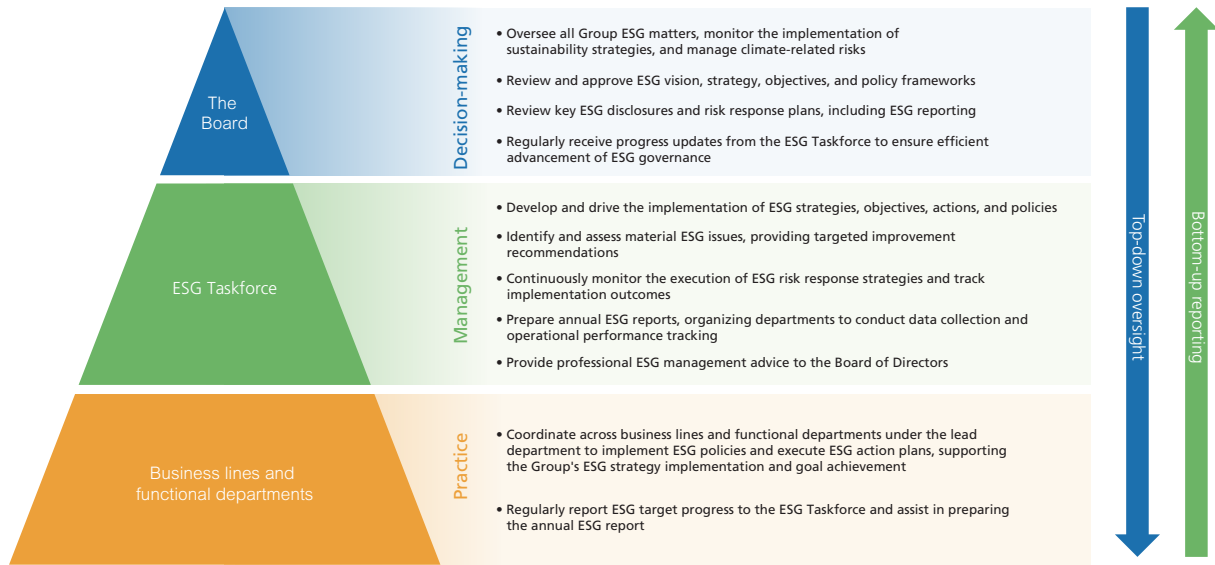
The Group elevates sustainability management to a strategic priority, establishing a governance framework with the Board as the highest decision-making body. Adhering to principles of objectivity and fairness, the Board reviews and approves ESG development policies and strategies, drives the integration of ESG management across the entire business chain, and exercises comprehensive governance and supervision over ESG-related initiatives.

The Group continues to maintain regular communication with stakeholders, carry out ESG materiality assessments, and thoroughly understand the concerns and expectations of each stakeholder. The Board has fully participated in the assessment, prioritization and subsequent management of ESG matters, and strictly made reference to the ESG management system and objectives to promote relevant work. Please refer to the sub-sections headed "2.3 Stakeholders Engagement" and "2.4 Materiality Assessment" in this Report for details.

The Group has formulated relevant policies of environmental, social and corporate governance to clearly set out the objectives for the emission of greenhouse gas and the use of water resources. The Board reviews the progress of the objectives through regular meetings. In addition, we attach great importance to ESG risk management, incorporate risks and opportunities arising from climate change into the whole risk management system, and analyze the significant impact of relevant risks on the Company's business, development strategy and financial performance. During the Reporting Period, the Group actively took targeted measures to address the risks and opportunities associated with climate change. Please refer to the section headed "7.4 Response to Climate Change" in this Report for details.

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The Group deeply integrates sustainability principles throughout its operational processes, continuously reviews sustainability performance, and refines its ESG management system. To advance the implementation of our sustainability strategy, the Group has established a three-tier management structure: the Board provides top-level decision-making, the ESG Taskforce coordinates efforts, and business lines and functional departments execute initiatives. This framework clearly defines responsibilities at each level, enabling top-down oversight and bottom-up reporting to ensure the orderly advancement of ESG work through supervision, management, and execution.



ESG Management Structure of the Group

This Report details the progress and results of the Group's ESG work in 2025, which has been reviewed and approved by the Board meeting on 27 March 2026.

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2.2 Respond to the United Nations Sustainable Development Goals



The Group actively responds to the United Nations Sustainable Development Goals (SDGs) and systematically identifies the synergies between SDGs and the implementation of corporate social responsibility. By combining our own business nature, we identify SDGs priorities related to the Group's operations with a view to creating value for the stakeholders, fully fulfilling our corporate social obligations and continuing to drive the Group's sustainable development in respect of the following six areas. During the Reporting Period, our key actions in respect of sustainable development were as follows:

Reporting section	SDGs of Response	The Group's Key Actions
Quality of Products and Services		<ul style="list-style-type: none"> Adhere to the innovation-driven development strategy and consolidate our core advantages and practical experience Advance regional expansion to serve local digital economic development Deepen innovation collaboration to expand industrial cooperation opportunities Refine service quality management systems to ensure consistent and stable service delivery Improve customer communication and feedback mechanisms to enhance satisfaction Standardize intellectual property management and establish mechanisms for protecting and incentivizing innovation outcomes Strengthen information security management to reinforce customer data and privacy protection

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Reporting section	SDGs of Response	The Group's Key Actions
Employee Rights and Interests	    	<ul style="list-style-type: none"> Standardize recruitment and termination procedures, prohibit child labor and forced labor, uphold equal opportunity and anti-discrimination policies, and safeguard the rights of female employees Strictly adhere to occupational health and safety regulations, enhance safety facilities, and optimize the workplace environment Establish performance evaluation and career progression systems, implement tiered training programs to achieve universal participation, and support professional growth Establish a competitive compensation and benefits system, create diverse communication channels, and organize team-building activities and holiday care initiatives to enhance employee's sense of belonging
Supply Chain Management		<ul style="list-style-type: none"> Implement full-lifecycle supplier management, establish standardized supplier access, annual evaluations, tiered management, and exit mechanisms Advance sustainable supply chain development by prioritizing suppliers with ESG credentials and implementing multiple green procurement initiatives
Corporate Governance		<ul style="list-style-type: none"> Enhance the standardization of internal governance practices, and emphasize Board independence and diversity Uphold ethical business standards to prevent corruption, bribery, and unfair competition risks

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Reporting section	SDGs of Response	The Group's Key Actions
Environmental Responsibility	 	<ul style="list-style-type: none"> Define environmental management objectives, advance emission reduction, consumption reduction, and efficient resource utilization Establish a tiered climate change governance framework and strengthen decision-making and supervision mechanisms Identify and assess key climate risks and opportunities, and implement targeted response measures
Community Impact and Social Contribution		<ul style="list-style-type: none"> Actively fulfill social responsibilities and deepen public welfare initiatives Integrate community co-development into ESG governance, align resources with community needs, and explore new models for sustainable development

2.3 Stakeholders Engagement

The Group centers on the expectations and demands of our stakeholders. We have established a diversified communication mechanism to communicate through multiple channels online and offline. We actively receive advice or comments from respective parties such as shareholders and investors, government and regulatory authorities, employees, customers, suppliers, partners, local communities and the public, so as to help us continuously improve our sustainable development strategy and enhance our ESG governance capabilities.

Stakeholders	Expectations and Concerns	Communication and Response
Shareholders and Investors 	<ul style="list-style-type: none"> Financial returns and value growth Operating business in accordance with the laws and regulations Risk control Disclosure of Corporate Information Robust Governance Structure 	<ul style="list-style-type: none"> Enhancing economic efficiency Establish a robust risk management and compliance system Carrying out investor communication Refining Corporate Governance framework





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders	Expectations and Concerns	Communication and Response
Government and regulatory authorities 	<ul style="list-style-type: none"> Compliance with laws and regulations Paying taxes according to law Implementing national policies Supporting local development 	<ul style="list-style-type: none"> Operating in accordance with the Laws Fulfilling tax obligations Maintaining timely communication with government authorities Supporting local development
Employees 	<ul style="list-style-type: none"> Employee compensation and benefits protection Career development and training opportunities Diversity and inclusion in the workplace Healthy and safe working environment Caring for employees 	<ul style="list-style-type: none"> Optimizing employee benefits mechanism Improving employee training system Building internal communication channels Ensuring safe working environment Enriching team building activities
Customers 	<ul style="list-style-type: none"> High-quality products and services Compliance and integrity in marketing practices Information security and privacy protection 	<ul style="list-style-type: none"> Optimizing operational management of product and service Reviewing business compliance Improving the complaint feedback mechanism Strengthening the privacy and data security protection system
Suppliers 	<ul style="list-style-type: none"> Win-Win Cooperation Business ethics and reputation Sustainable development of the supply chain 	<ul style="list-style-type: none"> Supplier life-cycle management Promoting a culture of integrity and trust Conducting supplier training and collaborative improvement
Partners 	<ul style="list-style-type: none"> Business synergy and market expansion Resource and information sharing 	<ul style="list-style-type: none"> Participating in industry activities Carrying out exchange visits with industry partners
Local communities and the public 	<ul style="list-style-type: none"> Engaging in social welfare Care for disadvantaged groups Protecting the community environment Promoting community development 	<ul style="list-style-type: none"> Organizing employees to participate in social welfare service activities Charitable donations and assistance Promoting green operation Participating in community activities

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2.4 Materiality Assessment

The assessment of ESG materiality issues serves as a crucial basis for the Group in formulating business development plans and advancing operational strategies. This year, building upon last year's material issues and guided by the ESG Reporting Code of the Stock Exchange, we identified 20 core ESG issues through a comprehensive analysis of macro policy trends, industry developments, the Group's actual situation of business operation, and stakeholder expectations. These issues are disclosed in this report to address stakeholder concerns and expectations while charting the course for the Group's steady advancement in ESG initiatives. The specific assessment process is as follows:

- | | | |
|---|---|--|
|  | Review and analysis | Based on the materiality issues identified in 2024, and in conjunction with relevant new national policies and industry regulations introduced in 2025, the Group conducted preliminary screening of materiality issues for sustainable development. |
|  | Identification of materiality issues | Taking into account the actual business development of the Group, coupled with the industry characteristics and the requirements of the ESG Reporting Code of the Stock Exchange, the Group identified 20 issues related to sustainable development. |
|  | Assessment of materiality | In the ordinary course of business, we understand the demands and expectations of our stakeholders, including management and employees, through communication and research with them, and we conduct peer-to-peer benchmarking analysis and industry trend studies to determine the ranking of materiality issues. |
|  | Confirmation of assessment results | The Board determines the focus of disclosure in this annual report based on the assessment results of materiality issues and responds to the relevant issues in the report. |

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The assessment results of the Group's ESG material issues in 2025 are as follows:



Very important

Important

Less important

1	Product and service responsibility	8	Board diversity and independence	15	Supply chain management
2	Customer service and satisfaction	9	Employee rights and care	16	Water resource utilization
3	Data security and customer privacy protection	10	Intellectual property protection	17	Operation in compliance
4	Staff development and training	11	Occupational health and safety	18	Waste handling
5	Business ethics and anti-corruption	12	Climate change response	19	Emissions management
6	Employment practices	13	Risk management	20	Social contribution
7	Innovation-driven development	14	Energy utilization		

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3. QUALITY OF PRODUCTS AND SERVICES

The Group is committed to providing customers with customized services covering the entire process from market research to the execution of branding, advertising, and marketing projects. By integrating diversified media resources and professional partners, we assist customers in achieving promotional and marketing objectives, thereby further enhancing their brand reputation and market competitiveness. Our core services comprise the following four types:



The Group adheres to the strategy of innovation-driven development, continuously improves the quality of products and services, actively responds to customers' needs, optimizes service experience, and creates long-term value for customers. Meanwhile, we attach great importance to the protection of intellectual property rights and continue to improve our data security and privacy protection mechanisms, effectively safeguarding the legitimate rights and interests of our customers and partners.

3.1 Empowered by Innovation

Based in the branding and digital marketing sectors, the Group takes innovation as its core strategy. Leveraging the research resources of first-class universities, we strengthen brand creativity and explore the development direction of cultural trends with a forward-looking perspective, so as to provide customers with branding solutions and integrated marketing services throughout the life cycle. After more than a decade of development, our business has upgraded from traditional media services to a full-media ecosystem model integrating new media, new industries, and new platforms, forming a three-pronged business development pattern of brand management, digital marketing, and scene interaction.

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We integrate innovation concepts into the respective business segments, deepen the application of technologies such as artificial intelligence (AI) and big data, and seek breakthroughs in innovation to facilitate the Group’s sustainable development.



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We continue to lay out cutting-edge technologies such as artificial intelligence, accelerate the AI business incubation process, and promote the synergistic development of emerging technologies and existing business models. During the Reporting Period, we launched the first AI digital human product, “Huashi Shanbao (華視•閃BAO)”, and continuously optimized product performance through technologies such as Artificial Intelligence Generated Content (AIGC) and multimodal interaction. This endowed it with functions such as IP image customization, AIGC video generation, and digital human interaction, exploring its application potential in scenes such as smart government affairs and digital cultural tourism. At the same time, centering on scene adaptability and functional expansibility, we have improved the AI digital products and services system, promoted the construction of a data-driven smart media industry ecosystem, and provided technical support for business innovation and digital transformation.

“Huashi Shanbao” Digital Human Debuts at the 2025 China Culture and Tourism Industries Exposition

In September 2025, the Group exhibited the “Huashi Shanbao” digital human series products at the 2025 China Culture and Tourism Industries Exposition, concentrating on demonstrating the application exploration achievements of digital human technology in cultural tourism scenes. Through application demonstrations such as digital human IP image display, AIGC video generation, and intelligent tour guidance, it systematically presented the diversified application forms of integrating AI technology with cultural tourism services. During the exposition, the Group reached strategic cooperation on AI digital human projects with more than 40 entities, including local cultural and tourism authorities, cultural institutions, and technology enterprises. This fully verified the scene adaptability and application potential of the products, accumulating experience for further deepening the integrated application of “AI + cultural tourism” and perfecting smart cultural tourism solutions.



“Huashi Shanbao” on display at the 2025 China Culture and Tourism Industries Exposition

In addition, we adhere to the ecological concept of “openness and symbiosis”, combining the application of emerging technologies with the expansion of business boundaries, and carrying out strategic cooperation and industry exchanges with multiple partners. In terms of strategic cooperation, we have successively reached cooperation with local governments and key industry customers to carry out synergistic exploration in directions such as digital economy industry incubation, city brand IP construction, smart cultural tourism platform building, and “new infrastructure + AI media”, promoting the deep integration of technological capabilities and industry scenes. In terms of industry exchanges, we maintain communication with government departments, industrial investment institutions, and relevant industry entities, exchanging views on the application paths of AI technology in scenes such as government services, judicial popularization of law, smart transportation, and urban public services, to promote cross-field resource synergy.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Signing Strategic Cooperation Agreement with CSEEC Science and Industry

In May 2025, the Group and CSEEC Science and Industry officially signed a strategic cooperation agreement in Shenzhen. The two parties will combine their respective professional advantages in smart construction and media, focus on the innovative model of "new infrastructure + AI media", and through resource integration and synergistic promotion, promote the integrated application of emerging technologies with business scenes such as engineering construction and brand communication. This broadens the space for cross-industry synergistic development and injects new momentum into the development of both parties.



Signing Ceremony for Strategic Cooperation with CSEEC Science and Industry

Signing Strategic Cooperation Agreement with the People's Government of Tuanfeng County

In June 2025, the Group and the People's Government of Tuanfeng County, Huanggang City, Hubei Province officially signed a strategic cooperation agreement. Relying on professional capabilities in digital technology, the two parties will cooperate in directions such as digital economy industry incubation, city brand IP construction, and AI application, to explore the path of digital transformation of the cultural tourism industry and the construction of the city brand system. The Group will participate in promoting the systematic operation of the city cultural IP, introducing AI cultural tourism digital humans and big data technology, supporting the construction of smart cultural tourism platforms and marketing innovation, and providing technical and operational support for local cultural tourism upgrading and digital economy development.



Signing Ceremony for Strategic Cooperation with the People's Government of Tuanfeng County

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Our innovative achievements have been widely recognized by customers and the industry. As a national High and New Technology Enterprise, a Specialized, Sophisticated, Special and New Little Giant Enterprise, and an AAA Credit Enterprise in China, we have jointly established the DongHu Brand Institute with Huazhong University of Science and Technology and other famous universities, and have been awarded a number of qualifications and authorizations for service providers and agencies. During the Reporting Period, relying on our outstanding innovation capabilities and professional services, we were once again successfully selected as a Level-1 Advertising Enterprise in the media service category by the China Advertising Association, and won the Silver Award of the 9th Digital Marketing Annual Awards. In the future, we will continue to increase our investment in innovation, promote the deep integration of digital technology with our main business, and provide our customers with more efficient and intelligent brand solutions.

“Daye City Cultural Tourism IP Creation” Project Wins the Silver Award of the Digital Marketing Annual Awards

The Group’s “Daye City Cultural Tourism IP Creation” project won the Silver Award of the 9th Digital Marketing Annual Awards, demonstrating that the Group’s efforts in city brand construction and cultural tourism IP operation have gained authoritative industry recognition. In response to issues such as insufficient brand recognition, scattered image expression, and fragmented communication channels in Daye City, the Group reshaped the city brand system with “Ye” (smelting/metallurgy) as the core, built a unified visual image, and promoted the transformation and upgrading of public awareness into tourism consumption through multi-platform communication, assisting cultural tourism development to transition from a “ticket economy” to an “IP economy”. This project provides a replicable path for the upgrading of city cultural tourism brands, highlighting the Group’s comprehensive advantages in strategic planning and digital communication.



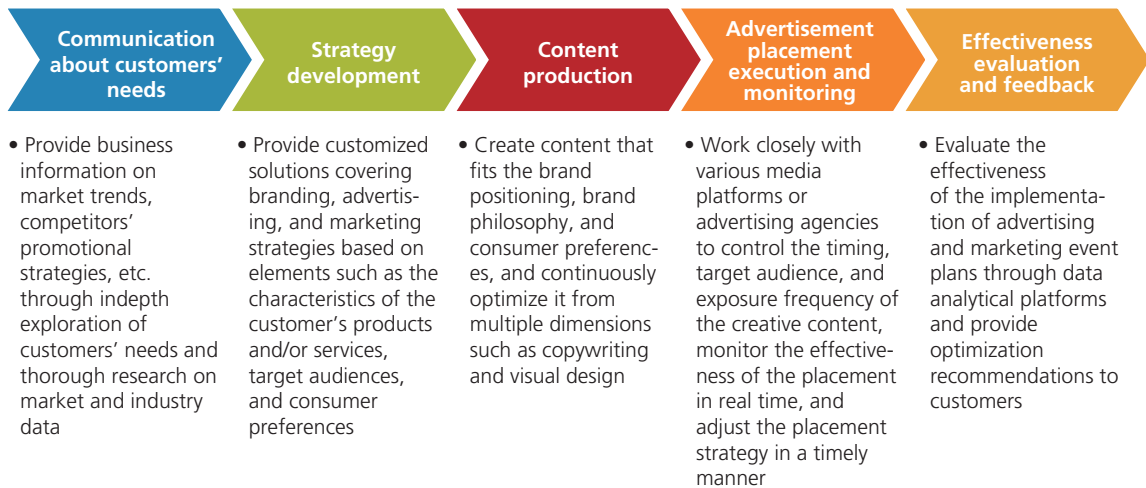
**“Daye City Cultural Tourism IP Creation”
Project Wins the Digital Marketing Annual Awards Silver Award**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.2 Customer Service Management

Adhering to the concept of “advancement of development through excellence of service(以服務之優·謀發展之進)”, the Group strictly complies with the People’s Republic of China on the Protection of Consumer Rights and Interests(《中國人民共和國消費者權益法》) and the Law of the People’s Republic of China on Product Quality(《中華人民共和國產品質量法》) and other relevant laws and regulations, and always focuses on the customer, strictly controls service quality and builds a sound product and service quality assurance system around the construction of brand reputation. Meanwhile, we continue to enhance customer experience and satisfaction by virtue of our differentiated service solutions, specialized technical team, strong data analysis capability and efficient monitoring and analysis platforms.

We have built a full-process service system covering needs insight, strategy formulation, creative execution, and effectiveness evaluation, and follow the scientific workflow below to formulate and optimize branding, advertising, and marketing strategies, ensuring that we provide the most optimal solutions that meet the market conditions of our customers:



We have established a multi-node review mechanism and rely on digital service platforms to conduct visual management of the entire project process from customer signing, execution, and implementation to project closure and review. The system can automatically collect key node data, synchronize project progress in real time, and provide early warnings for potential risks. We have formulated corresponding internal quality control standards and inspection procedures in each key service link, providing a strong guarantee for the whole-process control of service quality.

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At the project execution level, the Group's media team is responsible for conducting regular monitoring and evaluation of the plan formulation, content production, and execution process. This includes reviewing summary reports and conducting random inspections on advertising placement plans, strictly controlling the quality, and ensuring that the project process complies with laws and regulations and precisely meets the customers' actual needs. At the same time, we strengthen the team's capabilities in service delivery and quality control by organizing professional skills training for employees in areas such as AI tool application, cross-cultural marketing, and data-driven decision-making.

To promote continuous improvement in service quality, we regularly collect and analyze feedback from our customers, suppliers, and downstream consumer groups, so as to specifically optimize our service processes. This year, we introduced AI-driven customer needs analysis tools and an automated workflow platform, which effectively improved service response efficiency and delivery consistency, shortened the average delivery cycle of customer projects, and further enhanced customer satisfaction. Given that the products and services we provide are all intangible products and services delivered in virtual form, the relevant business does not involve causing personal injury and/or threats to customers, nor have there been any product or service recalls.

We respond to customer complaints with an open and responsible attitude, continuously improve the management system related to customer complaints, standardize the handling process, and build a sound complaint response mechanism. Our sales business department is dedicated to customer communication and complaint handling, collecting customer feedback through various channels, carefully listening to customers' complaints and suggestions, and conducting timely investigations and real-time follow-ups to ensure that relevant demands are effectively addressed. In 2025, the Group did not experience any customer complaints related to products or services.

3.3 Intellectual Property Protection

The Group attaches high importance to the protection of intellectual property rights and strictly complies with the *Law of the People's Republic of China on Science and Technology Progress* (《中華人民共和國科學技術進步法》), the *Patent Law of the People's Republic of China* (《中華人民共和國專利法》), the *Trademark Law of the People's Republic of China* (《中華人民共和國商標法》), the *Copyright Law of the People's Republic of China* (《中華人民共和國著作權法》), and the *Regulations for the Protection of Computer Software* (《計算機軟件保護條例》), we have formulated and implemented the *Intellectual Property and Trademark and Patent Management Provisions* (《知識產權及商標專利管理規定》) to specify management requirements of the Group's copyrights, patent rights, trademark rights and other intellectual property rights. To protect our legitimate rights and interests while respecting and protecting the intellectual property rights of others, we timely apply for registration of the Company's innovation achievements, core technologies and other knowledge products.

To facilitate the regulated management and rational use of innovative achievements, we regularly organize employees to participate in intellectual property business training, continuously strengthen the intellectual property awareness of employees, and make sure that managers and R&D personnel at all levels are aware of the relevant intellectual property laws and regulations, conventions and basic knowledge. Based on this foundation, we have established an employee patent incentive mechanism and incorporate intellectual property achievements and their implementation outcomes as one of the key reference factors for technical position appointments and promotions, thereby enhancing the efficiency of intellectual property commercialization.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.4 Data Security and Customer Privacy Protection

The Group regards information security and privacy protection as important foundation of securing the Company's sound operation, strictly abides by the *Personal Information Protection Law of the People's Republic of China* (《中華人民共和國個人信息保護法》), the *Cybersecurity Law of the People's Republic of China* (《中華人民共和國網絡安全法》) and other laws and regulations, and formulates a series of internal management norms, such as the *Employee Information Security Regulations* (《員工信息安全規程》), the *Administrative Measures for Computer Systems* (《計算機系統管理辦法》), the *Administrative Measures for the Prevention of Computer Virus* (《計算機病毒防範管理辦法》) and the *Management Procedures for Data Backup* (《數據備份管理流程》), and provides comprehensive information security protection for stakeholders at all stages by standardizing the requirements of information collection, use, transmission and processing.

Following the principle of "prevention first, security first, act in accordance with the law, and comprehensive management(預防為主，安全第一，依法辦事，綜合治理)," the information management department of the Group carries out unified planning and hierarchical management of our information systems, by establishing a sound computer information protection system, and organizes information security and privacy protection training and system security inspections on a regular basis. Additionally, we designate dedicated staff to oversee the execution and supervision of information security initiatives while providing corresponding technical support. In 2025, the Group did not experience any major information security incidents such as leakage or loss of customers' private data.



Virus prevention

- The Group's information department arranges specialised personnel to be responsible for virus prevention, supervising and guiding the checking and killing of viruses found;
- All computers are included in the anti-virus system established by the Group, and can only be activated after designated staff confirms that the designated anti-virus software has been installed.

Permission specifications



- Modify user passwords on a regular basis, and do not allow the reuse of old passwords;
- The computer application system of important positions has established passwords and operation passwords at different levels;
- It is strictly prohibited to copy business data and customer data privately and take them away from the workplace; if there are special circumstances, it must be approved and agreed by the person in charge of the department.



Contingency management

- Critical business systems have security recovery mechanisms and contingency measures to ensure the safe operation of the Group's systems.

Data backup



- The daily operation information and data of important business systems have a detailed backup system, and are backed up at the specified frequency, and the backup medium meets the relevant national security management regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. EMPLOYEE RIGHTS AND INTERESTS

The Group has always regarded employees as the core force to enhance our core competitiveness and achieve sustainable development. We respect value of employees, protect their legitimate rights and interests, attach importance to the cultivation of the talent team, pay attention to the physical and mental health of employees, and improve welfare benefits and security system. At the same time, we put efforts into creating an equal, diverse and harmonious workplace ecosystem to advance the synchronized growth of talents and the Company's development.

4.1 Compliant Employment

4.1.1 Recruitment and Employment

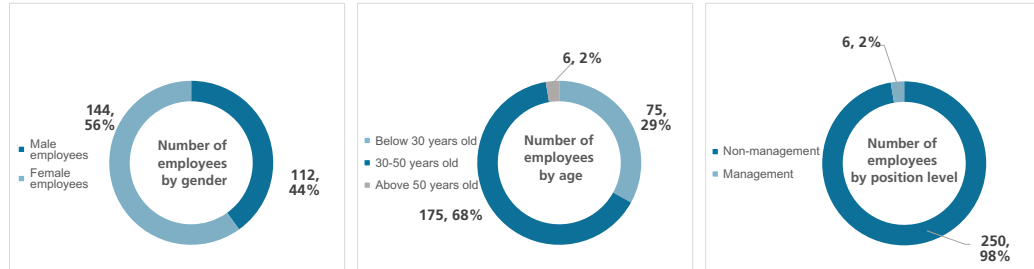
The Group strictly abides by the *Labor Law of the People's Republic of China* (《中華人民共和國勞動法》), the *Labor Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》), the *Employment Ordinance of the Hong Kong Special Administrative Region* and relevant employment laws and regulations in the place of operation. Adhering to the "people-oriented" core concept and regulating the recruitment and dismissal whole process, we enter into contracts with employees in accordance with the law, formulate and implement the Employee Manual, which clearly stipulates provisions on recruitment, termination, compensation and benefits, promotion system, working hour management, leave, diversity, anti-discrimination and equal opportunities, comprehensively safeguarding the legitimate rights and interests of employees.

We continue to improve our human resources management system and formulate an annual, comprehensive talent recruitment plan in line with our business development strategy. During the talent recruitment process, we broaden our pathways to attract talent through diverse channels, such as third-party recruitment platforms and internal referrals. Simultaneously, we have established school-enterprise cooperations with multiple universities to systematically conduct internship development and reserve programs. We offer internship positions and assign experienced mentors to provide guidance, helping interns enhance their practical skills. This promotes the integration of industry and academia and supports the Group's talent reserve. In the process of recruiting talent, we adhere to the recruitment principle of "openness and fairness", comprehensively considers the academic qualifications, work experience, past performance and other factors of the candidates and focus on the qualities of their professional skills, innovative thinking and team spirit to select outstanding talents who meet the job requirements.

The Group strictly abides by the *Prohibition of Child Labor Provisions* (《禁止使用童工規定》), the *Law of the People's Republic of China on the Protection of Minors* (《中華人民共和國未成年人保護法》) and relevant laws and regulations in the place of operation, and explicitly prohibits the use of child labor and forced labor. The human resources department checks the candidates' identity information and documents to ensure that their age meets the statutory employment standards. In daily work, the Group adopts the standard working hours and advocates for departments to scientifically coordinate our efforts in work tasks and employees to schedule work reasonably. During the Reporting Period, the Group did not have any incidents of child labor or forced labor.

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As of 31 December 2025, the Group had a total of 256 employees. They were all full-time employees and came from Chinese mainland. The specific employee structure is shown in the figure below:



During the Reporting Period, the Group did not experience any significant layoffs and the employee turnover rate¹ was 22% in 2025, a decrease from the previous year.

EMPLOYEE TURNOVER RATE		UNIT	2025
By gender	Male	%	22
	Female	%	23
By age group	Below 30 years old	%	31
	30-50 years old	%	18
	Above 50 years old	%	25
By region	Chinese mainland	%	22
	Hong Kong, Macau, Taiwan and overseas regions	%	0

4.1.2 Equal Opportunity, Diversity and Anti-Discrimination

The Group actively creates a diverse, equitable and inclusive workplace ecosystem, abides by the *Universal Declaration of Human Rights* (《世界人權宣言》), the *International Covenants on Human Rights* (《國際人權公約》), the *Discrimination (Employment and Occupational) Convention* (《就業和職業歧視公約》) of the International Labor Organization and the *United Nations Global Compact* (《聯合國全球契約》) and other international standards. In the key aspects of employees' career development, including recruitment and hiring, training and development, and the distribution of compensation and benefits, we consistently uphold the principle of equal treatment for all. We protect that every employee enjoys equal opportunities for development and explicitly prohibit discrimination based on gender, age, ethnicity, family status, religious belief, or physical disability, etc. Furthermore, the Group places high importance on protecting the rights and interests of female employees, and strictly abides by the *Constitution of the People's Republic of China* (《中華人民共和國憲法》), the *Law on the Protection of Women's Rights and Interests of the People's Republic of China* (《中華人民共和國婦女權益保障法》), and the *Special Rules on the Labor Protection of Female Employees* (《女職工勞動保護特別規定》), and provide vacations and benefits to female employees who are pregnant, in childbirth, or breastfeeding in accordance with the law. At the same time, we focus on the needs of our female staff, organize themed afternoon tea and make greeting posters on Women's Day to convey the Company's appreciation and care for our female employees.

¹ Employee turnover rate = (number of departures of employees in this category for the whole year of 2025 / (number of departures of employees in this category for the whole year of 2025 + number of employees in this category at the end of 2025)) * 100%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4.2 Occupational Health and Safety

The Group is committed to creating a safe and healthy working environment, and strictly abides by the *Law of the People's Republic of China on Work Safety* (《中華人民共和國安全生產法》), *Regulations on Work-related Injury Insurance* (《工傷保險條例》) and the *Law of the People's Republic of China on Fire Prevention* (《中華人民共和國消防法》) and other laws and regulations on occupational health and safety. The Group has clarified a series of work safety control measures in the Employee Manual to prevent potential safety hazards in the work of employees. To fulfill fire safety management requirements, the relevant departments regularly inspect and maintain office equipment and firefighting facilities.

In addition, we have implemented various initiatives to safeguard employee occupational health and safety. The details are as follows:

Occupational Health Protection:	Safety Protection:
<ul style="list-style-type: none">Strictly enforcing a comprehensive smoking ban in all office areas and installing high-efficiency fresh air systems to continuously improve air quality.Conducting regular deep cleaning and disinfection of offices to maintain a clean and hygienic workspace.Providing ergonomically adjustable office chairs and desks to support healthy sitting postures and prevent occupational strains	<ul style="list-style-type: none">Equipping offices with AED first-aid equipment to enhance emergency response capabilities in the workplace.Strengthening electrical safety management through regular circuit inspections to effectively reduce electrical hazards.Conducting anti-slip improvement work on the company's entrance area to mitigate the risk of walking safety on rainy days.

In the past three years, the Group has not experienced any major health and safety accidents, and no employee fatality has occurred due to work. During the Reporting Period, the Company's lost days due to work injury were zero.

	UNIT	2025	2024	2023
Number of employee deaths	person	0	0	0
Ratio of work-related deaths	%	0	0	0
Days lost due to work injury	day	0	0	0

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4.3 Employee Development and Training

The Group continuously optimizes its *performance appraisal mechanism and has established the Performance Appraisal and Management System* (《績效考核與績效管理制度》). Regular monthly performance evaluations are conducted, combining individual self-assessments with departmental evaluations. These assessments provide an objective evaluation based on dimensions such as work attitude, discipline, and results. Meanwhile, at the end of each year, each department conducts a comprehensive evaluation of employees' annual work performance by filling out the Annual Performance Appraisal Form (《年度績效考核表》). The appraisal outcomes are directly linked to bonus incentives, career advancement, and salary increase.

We actively empower employees in their career development and systematically advance the construction of a talent training system, aiming to build a high-quality and competitive talent team. We design hierarchical training contents for employees at different stages and in different positions and adopt a combination of online and offline methods to comprehensively enhance employees' professional skills and comprehensive competencies. Specific measures include:

- New employee training: upon on-boarding, new employees receive training covering the Company's development history, values, and mission and vision, to help new employees quickly clarify the Company's development direction. Core rules and regulations such as attendance, remuneration and benefits, work discipline, and confidentiality agreements are also introduced to ensure that all employees are aware of and abide by them.
- General training: general compliance training is conducted for all employees to standardize administrative and financial processes, strengthen the compliance awareness of all employees, ensure efficient and orderly office operations, and avoid procedural compliance risks.
- Specialized business training: based on the responsibilities and work objectives of each department, targeted skill enhancement and career development training is conducted to accurately match job requirements and enhance employees' professional capabilities.

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During the Reporting Period, the proportion of trained employees of the Company was 100%², and the average training hours per trained employee was 60.5 hours³, representing a significant increase compared to the previous year. The increase in training hours during the Reporting Period was primarily driven by the Company's efforts to respond to industry transformations driven by AI technology. The Company prioritized training in cutting-edge AI knowledge and practical skills to ensure that employees' capabilities evolve in tandem with the Company's business development. The average training hours⁴ per trained employee by gender and position are as follows:



Average training hours per male employee: 57.5 hours | Average training hours per female employee: 62.8 hours



Average training hours per management-level employee: 68.2 hours | Average training hours per non-management employee: 60.3 hours

Average Training Hours per Employee of the Group in 2025

Travel Expense Management System Training

In 2025, the Company conducted specialized training on the travel system and documentation for all employees, aiming to standardize the entire travel process, clarify the travel application process, itinerary arrangement standards, and reimbursement standards. The training focused on the core details of the travel management system and the standards for filling out and submitting documents, effectively strengthening employees' compliance awareness and operational accuracy, and promoting the standardized implementation of travel management.

AI Theme Series Training

In 2025, to adapt to the new AI business strategy and keep up with the industry's digitalization trend, the Company conducted a progressive AI series training, covering five major modules: AI product system, IP customization, AIGC video generation, AI digital human interaction, and screen robot applications. Centered on customer needs and aiming for "everyone understands the product, all employees can market", the training enhanced employees' product awareness and promotion capabilities, strengthened cross-functional collaboration efficiency, helped deliver product value, and promoted the integration of AI technology with media business to empower business expansion.

² Percentage of trainees = number of trainees/total number of employees*100%

³ Average training hours per employee = total number of training hours/total number of employees

⁴ Average training hours for each category of employees = total hours of training for that category of employees/number of employees in that category

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4.4 CARE FOR EMPLOYEES

4.4.1 Remuneration and Benefits

The Group provides employees with a compensation package, including base salary and performance bonuses. To ensure the fairness and market competitiveness of the remuneration system, we benchmark against the industry salary levels annually while considering multiple factors such as employee qualifications, experience, working hours, and job performance to determine salary standards and performance benchmarks for each position, creating a remuneration mechanism that is both competitive and motivating. In terms of benefits, the Group strictly complies with labor laws and regulations in China by making social insurance and housing provident fund contributions, effectively safeguarding employees' fundamental rights; working hours management implements an eight-hour workday from Monday to Friday; holiday arrangements follow national statutory holidays, and employees are provided with a benefit of 1 day of paid sick leave per month, while also offering various types of leave such as compensatory leave for overtime, maternity leave, marriage leave, and bereavement leave. Additionally, to enhance employees' sense of happiness and belonging, we provide extra benefits like afternoon tea events and festive gifts.

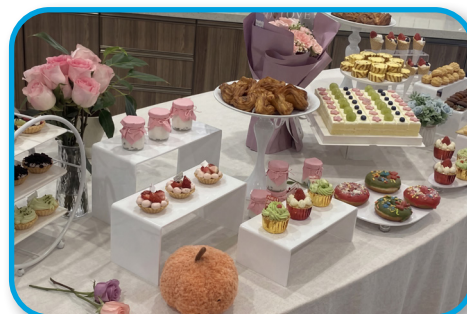


Children's Day and Christmas gifts



Qixi Festival and New Year gifts

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Afternoon tea events

4.4.2 Employee Communication and Activities

The Group is committed to fostering an open and sincere communication culture and has established accessible and diversified feedback channels. Employees can submit feedback to their direct superiors either verbally or in writing, and after the preliminary examination of the feasibility of the feedback by the superiors, the feedback will be escalated through the hierarchical reporting structure. The heads of departments and the management of the Company consistently maintain a receptive and humble attitude to listen carefully to employees' opinions, timely respond to employees' requirements, and effectively solve practical problems. Furthermore, the Group places emphasis on deriving value from feedback information by systematically analyzing such feedback, which enables targeted enhancements to workflows and processes, thereby improving the Company's sound and long-term development.

We deeply cultivate the construction of the employee care system, encouraging employees to achieve a balanced development between work and life, and cultivate a warm and cohesive workplace environment through diverse activities. This year, we successively carried out activities such as handmade lantern DIY, Donghu Scenic Area team building, and food sharing, to enhance internal interaction and team cohesion.

Hand-made Lantern DIY Activity

On the Lantern Festival in February 2025, the Company organized a handmade lantern DIY theme activity. During the activity, employees helped and collaborated with each other to complete the making of lanterns. While experiencing traditional folk culture, it effectively enhanced communication and exchange among employees, elevating their sense of belonging to the Company.



Lantern Festival hand-made lantern DIY activity

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Team Building Activity

In May 2025, the Group hosted a large-scale theme team building activity titled “Early Summer Journey • Towards the Wild (初夏行 • 向野生)” at the Donghu Eco-Tourism Scenic Area. The activity included teamwork games such as tug-of-war and hundred-person war drums. “2025 Huashi Youth May Fourth Medals” were awarded to commend 10 outstanding youths. Furthermore, a 2km hike in the Azalea Garden of Donghu Moshan and a self-service barbecue in Ma’anshan Forest Park were organized, fostering a positive, progressive, and cohesive team atmosphere.



*“Early Summer Journey • Towards the Wild (初夏行 • 向野生)”
large-scale theme team building activity*

Food Sharing Activity

In September 2025, with the original intention of deepening humanistic care and gathering team friendship, the Company organized a special food theme care activity. The Chairman acted as the chef to cook braised minced pork rice for the employees. During the dining session, employees sat around and chatted freely. This allowed employees to truly feel the warm care of the management, effectively enhanced sincere internal communication, and consolidated the centripetal force for the Company’s development.



Employees gathered to share braised minced pork rice

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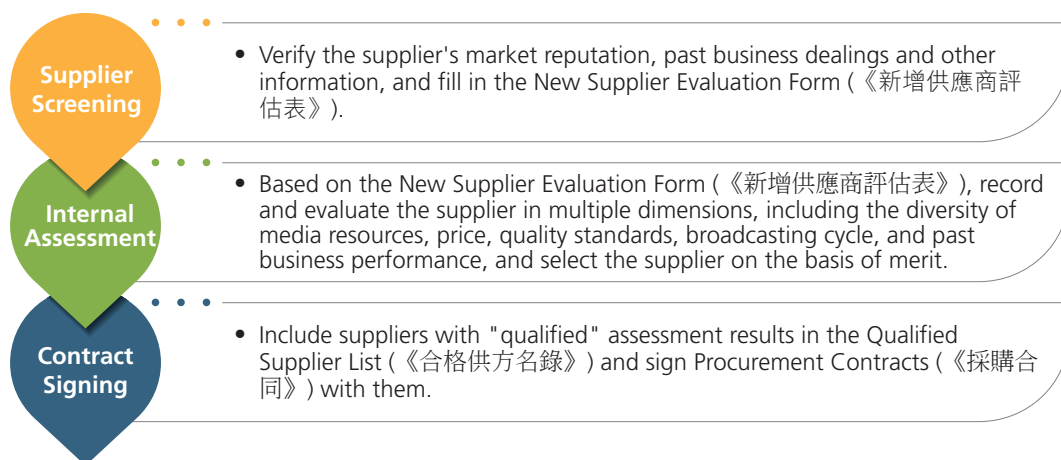
5. SUPPLY CHAIN MANAGEMENT

The Group strictly complies with the Civil Code of the People's Republic of China (《中華人民共和國民法典》), the Bidding and Tendering Law of the People's Republic of China (《中華人民共和國招標投標法》) and other laws and regulations of the places of operation, and has formulated internal management systems such as the Procurement Business Operation Process (《採購業務操作流程》) to standardize supply chain operations. At the same time, it has established a full-lifecycle management system covering key aspects such as supplier access, periodic review, and withdrawal, to strengthen supply chain management and control, avoid or mitigate potential negative impacts on the environment and society caused by suppliers, and steadily build a sustainable supply chain.

5.1 Supplier Full Lifecycle Management

5.1.1 Supplier Access

In order to ensure that the products and services provided by suppliers meet the Group's standards and customers' requirements, we have established a standardized supplier access process, whereby suppliers are required to complete screening and evaluation processes before passing the supplier assessment.



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5.1.2 Supplier Review and Withdrawal

The Group implements an annual periodic evaluation mechanism for suppliers. Focused on core dimensions such as the diversity of media resources, cooperation, and price, suppliers are comprehensively scored based on the Annual Supplier Evaluation Form (《供應商年度評估表》) and are categorized into tiered management groups according to the evaluation scores. For suppliers that do not meet the Company's cooperation requirements, we specify the exact reasons for non-compliance in the Supplier Withdrawal Declaration Form (《供方撤銷申報表》). Upon approval, they are removed from the Qualified Supplier List (《合格供方名錄》), and our partnership with them is terminated. Furthermore, combining actual cooperation situations and experiences, we review the validity of the Qualified Supplier List (《合格供方名錄》) on a quarterly basis to ensure that the suppliers' cooperation capabilities match the Company's operational needs.

Number of suppliers by geographical location	Unit	2025
Chinese mainland	Number	65
Other	Number	0

5.2 Sustainable Supply Chain

The Group pays attention to the ESG performance of its suppliers and prioritizes cooperation with suppliers that are committed to sustainable development and using environmentally friendly materials. We fulfill environmental, ethical, and compliance requirements, identify the potential environmental and social risks of suppliers, and establish a stable supply chain management system.

Supplier Environmental Management

- During the supplier screening process, suppliers are required to provide qualification certificates such as environmental management system certification and identify their potential environmental and social risks, reviewing the suppliers' sustainable development capabilities;
- In the daily cooperation with suppliers, we actively advocate that service suppliers classify, recycle, and reuse recyclable materials after marketing activities, helping to reduce waste generation;
- In the annual supplier evaluation, we assess our suppliers based on criteria such as raw material procurement, resource consumption minimization and handling of end products, and suppliers with unqualified assessment results will be removed from the Qualified Supplier List (《合格供方名錄》).

Supplier Ethics and Compliance Management

- Through channels such as industry reputation and customer evaluations, comprehensively assess the suppliers' credit status and business reputation, screening for risks of commercial fraud and other violations;
- Require all service suppliers to sign the Purchase Contract (《採購合同》), which specifies the business conduct and ethical norms of both parties.

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The Group is always guided by green procurement, giving priority to cooperating with suppliers that adopt environmentally friendly, harmless products and eco-friendly processes, and has implemented a series of green procurement initiatives this year. In terms of equipment procurement, we prioritize LCD monitor suppliers equipped with green, energy-saving, and low-power-consumption qualifications that meet the China Energy Conservation Product Certification and CEC energy-saving standards. In material procurement, print partners are required to provide recyclable or biodegradable materials. In office procurement, we prioritize suppliers who have passed environmental labeling certifications, while promoting a paperless office model to reduce the procurement volume of disposable consumables.

6. CORPORATE GOVERNANCE

Our Group upholds the core business philosophy of “law-abiding integrity, high-quality services”, treats standardized governance and prudent operations as an important guarantee for the Group’s sustainable development, continuously improves governance standards, and pays attention to the independence and diversity of the Board of Directors, thus safeguarding the rights and interests of Shareholders, investors, and other stakeholders. During daily management practices, we adhere to conducting business in compliance with laws and regulations, advance integrity initiatives, promote fair competition, and are committed to fostering a secure and stable operating environment.

6.1 Board Diversity and Independence

The Group strictly complies with the relevant provisions of the *Company Law of the People’s Republic of China* (《中華人民共和國公司法》), the *Cayman Company Law* (《開曼公司法》), the Listing Rules and the Articles of Association, and continues to improve its corporate governance system and effectively regulates the operation of the Group. As the highest decision-making authority for governance and overall risk management of the Group, the Board is responsible for comprehensively identifying and addressing various risks and making decisions on relevant management measures, playing a core role in the Group’s strategic decision-making and oversight. We attach importance to risk prevention and improving governance effectiveness, and through sound management mechanisms and clear delineation of responsibilities, we promote the effective implementation of the Board’s related functions and adhere to the bottom line of “no occurrence of material risks”.

At the same time, we place great emphasis on building the independence and diversity of the Board, ensuring the independent judgement of Board members through institutional arrangements, and giving comprehensive consideration to multiple factors in the composition and selection of Directors, so that different experiences and perspectives are fully reflected in the decision-making process, thereby providing support for the Board in discharging its duties.

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Board Independence

Independent non-executive Directors account for not less than one-third of the total number of Board members, none of whom have any interests associated with the Company or its controlling shareholders. They have rich experience in brand image and marketing, accounting and financial management, and provide professional, objective and impartial independent opinions for the Board's deliberations and decisions.

The Board has established the Audit Committee, Remuneration Committee and Nomination Committee. Each committee performs its duties according to its terms of reference and jointly monitors corporate governance affairs.

The Nomination Committee annually assesses the independence of independent non-executive Directors to ensure their continued compliance with the relevant independence requirements.

Board Diversity

The Group has formulated the Board Diversity Policy (《董事會多元化政策》), set measurable Board diversity targets and reviews such targets on a regular basis.

The Group has always ensured the diversity of the Board in terms of gender, cultural background, knowledge and skills, so as to provide multiple perspectives for decision-making.

As at the end of the Reporting Period, the Board comprised 7 Directors, of whom 2 were female.

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6.2 Business Ethics

6.2.1 Anti-corruption and Anti-Commercial Bribery

The Group strictly abides by the *Criminal Law of the People's Republic of China* (《中華人民共和國刑法》), the *Supervision Law of the People's Republic of China* (《中華人民共和國監察法》), the *Anti-Money Laundering Law of the People's Republic of China* (《中華人民共和國反洗錢法》) and other relevant anti-corruption policies and laws and regulations, and has formulated the *Anti-Bribery/Anti-Corruption Policy* (《反賄賂／反腐败政策》), *Regulations to Comply with the Management Process Policy Guide* (《法規遵守管理流程政策指引》), *Whistleblowing Policy* (《舉報政策》) and other internal policies to fully regulate the business practices of our employees, suppliers and other partners, which serves the purpose of resolutely resisting negative corruption such as forgetting righteousness for profits, benefiting individuals at the expense of public interests, non-credibility, deception and fraud. The administrative department of the Group is the supervision and management department of business ethics, responsible for carrying out the Group's work of controlling commercial bribery and exercising the duties of disciplinary inspection and supervision in accordance with the law, and adopts a zero-tolerance attitude towards any form of bribery, fraud, extortion, money laundering and other illegal acts.

To strengthen integrity risk management over key positions and critical areas, we require key staff and units or individuals with business dealings with the Group to sign the Commitment Letter to Prevent Commercial Bribery (《預防商業賄賂承諾書》) (hereinafter referred to as the "**Commitment Letter**"), make a true record of their honest practices, and take the implementation of the Commitment Letter by key staff as an important basis for inspection, assessment and appointment and dismissal, holding those who fail to fulfil the Commitment Letter accountable in accordance with relevant regulations.

We have established a multi-channel whistleblowing mechanism and encourage our employees and suppliers to report misconduct, fraud and non-compliance of our Group's employees through such channels as our whistleblower box for preventing commercial bribery, whistleblower hotline and Audit Committee mailbox. The Audit Committee of the Group has overall responsibility for implementing, monitoring and regularly reviewing the policy system, evaluates the whistleblowing information received and appoints a designated person or investigation team to conduct thorough investigations. The relevant management decides on the disciplinary action based on the findings of the investigation, and the final decision on the disciplinary action is made after review by the Audit Committee. We have also implemented a whistleblower protection system to firmly protect the personal safety and privacy information of whistleblowers and seriously deal with any retaliation against whistleblowers.

In addition, we continue to strengthen the development of an integrity culture by incorporating anti-corruption related content into new joiners' training and requiring employees to pass the corresponding training assessments. We also conduct compliance and anti-corruption training for Directors, the management and all employees from time to time, covering content such as the interpretation of anti-corruption policies and regulations, policies and systems related to anti-corruption within the Group, and case analysis of integrity practices, to continuously raise the anti-corruption awareness across the Group.

During the Reporting Period, there were no corruption lawsuits against the Company or the employees.

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6.2.2 Anti-Unfair Competition

The Group is committed to creating a fair and honest business environment, maintaining fair competition and rejecting any market transactions that violate business ethics. We strictly abide by relevant laws and regulations such as the *Anti-Monopoly Law of the People's Republic of China* (《中華人民共和國反壟斷法》) and the *Anti-Unfair Competition Law of the People's Republic of China* (《中華人民共和國反不正當競爭法》), and through internal policies such as the *Regulations on Intellectual Property and Trademark Patent Management* (《知識產權及商標專利管理規定》), we regulate the use of intellectual property rights, brand identity management and protection of business information, to guard against unfair competition risks such as trademark infringement and trade secret leakage, and ensure that business activities are conducted in a lawful and compliant manner.

In our market operations, we undertake to compete on a fair basis, avoiding placing unreasonable restrictions on partners or imposing differential treatment on customers. We strictly prohibit any form of competition-restricting conduct and do not engage in price manipulation, market segmentation or unfair competition arrangements against specific counterparties. We also adhere to the principles of openness, fairness and good faith in tendering and procurement activities, conduct advertising and marketing activities in a regulated manner to prevent false or misleading publicity, and strictly prohibit using improper means to damage the legitimate interests of competitors or infringe their trade secrets.

To enhance employees' awareness of fair competition, we organize training on fair competition and compliant operations, continuously improving employees' knowledge and compliance awareness of anti-unfair competition requirements, and guiding employees to uphold professional ethics in the course of their business activities, effectively safeguarding the healthy development of the market environment. During the Reporting Period, the Group did not experience any litigations arising from unfair competition.

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7. ENVIRONMENTAL RESPONSIBILITY

The Group adheres to the path of green development, and strictly complies with the relevant laws and regulations such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) and the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), and has formulated relevant environment protection systems, which cover waste treatment, reduction of greenhouse gas emissions, emission of water pollutants, efficient utilization of resources such as water and electricity etc. and formulated standards for the use of all kinds of natural resources and other office resources in the Employee Manual, actively explores opportunities to improve the efficiency of resource use.

Although the Group's business activities do not have a significant impact on the environment and natural resources, we still proactively adopt management measures such as reducing emissions, proper treatment of waste, saving resources, enhancing recycling and promoting energy conservation and consumption reduction, striving to minimize the negative impact on the environment and effectively fulfill corporate environmental responsibilities. During the Reporting Period, the Group did not experience any non-compliance with environmental laws and regulations.

7.1 Emission and Waste Management

The Group aims to ensure that all emissions and waste are properly treated and minimized in the course of its operations, and to establish strict procedures to standardize the treatment of wastewater, exhaust and hazardous and non-hazardous waste. Due to the nature of our Group's business, we operate primarily in offices and do not involve any production or construction activities. The relevant operational activities do not generate emissions that have a significant impact on the environment and there is no hazardous waste produced.

Wastewater discharge is mainly a small amount of domestic sewage generated from daily office operations, which is discharged through municipal pipe networks and meets national and local applicable discharge standards. Exhaust emissions include nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PM), mainly from fuel consumption during the use of official vehicles, and the overall emission level is within a reasonable range.

Exhaust Emissions	2025
Wastewater	
Discharge of domestic wastewater (Tonnes)	5,115.60
Exhaust Emissions	
Total emissions of NOx (Kg)	14.44
NOx intensity (Kg/RMB ten million revenue)	0.50
Total emissions of SOx (Kg)	0.17
Total emission intensity of SOx (Kg/RMB ten million revenue)	0.01
Total emissions of PM (Kg)	1.21
Total emission intensity of PM (Kg/RMB ten million revenue)	0.04

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In respect of business travel, vehicle allocation and usage management, we have formulated and implemented a series of management measures to further reduce exhaust emission levels by reducing unnecessary fuel consumption, improving vehicle operation efficiency, and guiding more intensive and efficient travel methods.



Travel and Vehicle Management Initiatives

- Company vehicles for business are only used for necessary meetings and business travel, and the frequency of vehicle use is reasonably controlled;
- Regularly conduct inspections and maintenance of vehicles and related equipment to ensure that vehicles are in good operating condition and avoid additional emissions caused by equipment aging or failure;
- Combine institutional guidance with publicity and advocacy to encourage employees to prioritize green travel methods such as public transportation.

In respect of non-hazardous waste such as domestic waste and kitchen waste produced during our operations, we have adopted measures such as reducing the amount of waste at source, combining the waste separation with the recycling, to regulate waste disposal work, continue to reduce waste production, and reduce its potential impact on the environment. The Group's non-hazardous waste is collected and disposed of by the properties in a unified manner as the properties have not been separately calculated on the amount of waste to be produced by the Group and it is currently difficult to obtain accurate information on the non-hazardous waste. In order to enhance the integrity of information and the quality of disclosure, the Group is actively establishing a statistical mechanism, including setting up waste separation bins and improving the information collection process, to enhance the accuracy of waste management, with the aim to achieve relevant information disclosure in future reports.

Reduction at source

- Practicing the philosophy of paperless office, and the files are processed, transferred and stored in electronic form, to minimize the use of paper;
- Providing the environmentally friendly insulated lunch box, reducing the use of one-off products and cultivating environmental protection awareness among our employees.

Classified collection

- Strictly implementing the garbage classification, and setting up classified wastebins in corporate offices, refreshment area to facilitate staff to carry out classified waste dumping and to engage cleaning and transportation companies to dispose of waste regularly.

Recycling

- Encouraging double-sided printing and reusing the used papers;
- Prioritizing the procurement of reusable or regenerable office supplies, and regularly checking assets and office supplies to repair, pack items for reuse.

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7.2 Water Resources Management

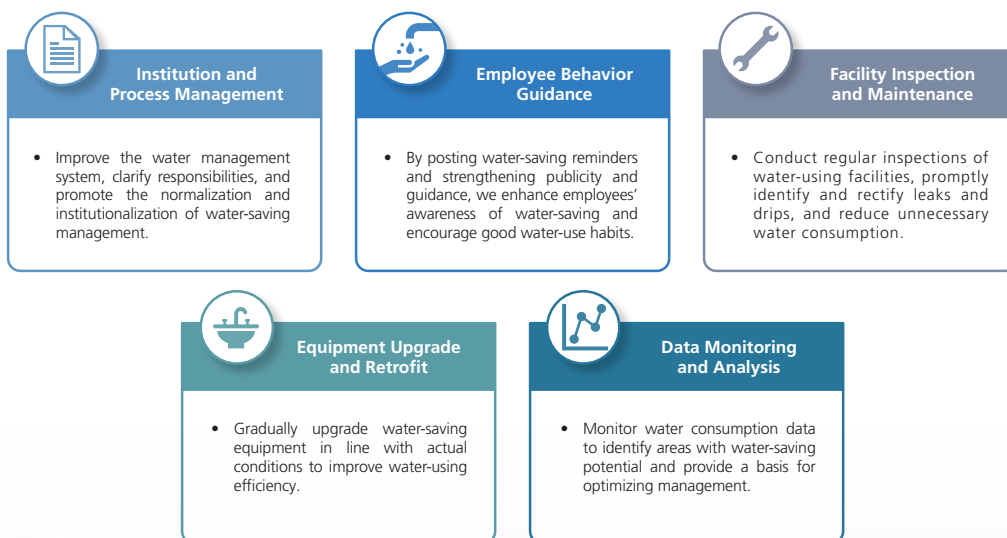
The Group continues to strengthen water management by setting clear targets for water consumption, with focus on both scale and efficiency. Management optimization is advanced based on actual water consumption. Our daily operations have low water demand, primarily sourced from municipal water supplies, thus eliminating issues related to sourcing suitable water sources. In line with our established water usage targets, we continue to implement water-saving measures and, based on actual water consumption, have set targets for the coming years, laying the groundwork for future improvements in management.

Water Use Objective:

Using the 2025 per capita water consumption as a baseline, we aim to ensure that the annual average increase in per capita water consumption does not exceed **10%**.⁵

Water Resources	2025
Total water consumption (Tonnes)	5,684.00
Water density (Tonnes/RMB ten million revenue)	195.39
Per capita water consumption (tonnes /total number of employees)	22.20

We advance water utilization efficiency through coordinated measures including institutional development, behavioral guidance, and facility management, ensuring effective achievement of water use objective.



⁵ Per capita water consumption in 20XX ≤ Per capita water consumption in 2025 × (1 + 10%)^(20XX - 2025)

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7.3 Energy Management

The Group aims to make rational use of electricity and enhance energy efficiency by continuously strengthening energy management practices and implementing energy conservation measures in daily operations. Gasoline and purchased electricity are the major energy consumptions in our operations.

Energy	2025
Total energy consumption ('000 Kwh)	514.95
Direct energy consumption ('000 Kwh)	103.71
Indirect energy consumption ('000 Kwh)	411.24
Energy use density ('000 Kwh/RMB ten million revenue)	17.70

To achieve the Group's energy conservation targets, we have adopted various measures to deepen the green operation practices:



Energy management

- Set office equipment such as computers and printers to sleep mode automatically, and switching automatically to low-energy consumption mode during non-working hours;
- Establish clear energy usage protocols to promptly turn off lighting, computers, and other electronic devices when idle or unused, reducing standby power consumption;
- Use energy efficient LED lights as a priority and conduct regular performance checks and maintenance;
- Set the air conditioning temperature at 25 degrees, and strictly control the use periods;
- Equip with electronic appliance and office facilities that meet higher environmental protection and energy efficiency standards in office areas.



Green office

- Promote a green conference model and encourage teleconferences and online meetings;
- Regularly analyze and assess the use of energy and other resources to provide a basis for optimizing energy management continuously.

7.4 Response to Climate Change

The Group places high importance on the impact of climate change on its operations and long-term development, systematically identifying and prudently addressing the associated risks and opportunities. We actively respond to China's dual-carbon goals and the Paris Agreement initiatives. Guided by the Task Force on Climate-related Financial Disclosures (TCFD) framework and the Stock Exchange's climate-related disclosure requirements, we integrate the climate response into corporate governance and strategic decision-making. We continuously enhance our climate change management system across governance, strategy, risk management, and metrics & targets to ensure robust climate resilience and sustainable development.

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7.4.1 Climate Governance

The Group has established a climate change governance structure spanning decision-making, management, and operational levels. Through tiered management and coordinated operations, we manage climate-related risks and opportunities. Relevant governance requirements are integrated into daily management and standard operating procedures. Mechanisms such as regular monitoring, internal reporting, and management reviews drive the orderly identification, assessment, and response to climate risks across all business and functional levels, ensuring sustained attention and effective implementation of climate change initiatives.

The Board	<ul style="list-style-type: none">• Oversee the overall direction of the Group’s climate risk and opportunity management;• Review climate-related strategies;• Provide final approval for climate-related disclosures in ESG reporting.
ESG Task Force	<ul style="list-style-type: none">• Coordinate the management of climate risks and opportunities across the Group;• Develop climate response strategies and drive implementation of related initiatives;• Continuously monitor climate-related developments and provide regular updates to the Board.
Business/Functional Departments	<ul style="list-style-type: none">• Responsible for implementing specific climate response measures;• Conduct relevant data statistics;• Collaborate on the identification, assessment, and management of climate risks and opportunities.

The Board of the Group has been focusing on the latest updates of the domestic and international climate regulations and disclosure requirement and actively keeping abreast of the trend of climate investment and financing in the capital market. The Group has integrated ESG training into its routine corporate compliance management. In December 2025, climate change-related learning sessions were conducted for the Board, focusing on the latest regulatory requirements, industry trends, and climate-related issues. This supports the Board in continuously enhancing the professional knowledge and capabilities required to oversee and address climate change risks and opportunities.

7.4.2 Climate Strategy

Climate Risk and Opportunity Assessment

The Group systematically assesses the potential impacts of climate change on its business operations and long-term development and actively implements measures to mitigate and adapt to climate change. In 2025, aligning with industry policy and regulatory requirements as well as our business characteristics, we comprehensively identified climate-related risks and opportunities that could impact cash flow, financing channels, or capital costs in the short-, medium-, and long-term. We established a climate risk and opportunity inventory and conducted materiality assessments across three dimensions, namely “probability of occurrence”, “severity of impact” and “expected timeframe of impact”. We developed corresponding response measures to continuously enhance operational resilience and sustainable development capabilities.

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Risk/Opportunity Type	Business Model and Value Chain	Potential Impact		Impact Assessment		
		Chain	Finance	Level ⁶	Timeframe ⁷	Response
Physical Risk	Acute – Flooding	<ul style="list-style-type: none"> Internal Operations: Potential impact on employee attendance and office order, causing damage to office facilities and equipment, and affecting business continuity; Upstream and downstream: Potential impact on the normal operations of suppliers and customers, indirectly impacting business collaboration and project delivery. 	<ul style="list-style-type: none"> Increased facility maintenance and emergency repair costs; Potential revenue loss due to business interruptions. 	Medium-low	Short-, medium- and long-term	<ul style="list-style-type: none"> Develop and refine extreme weather contingency plans; Flexibly implement remote work arrangements and staggered work schedules; Stockpile essential flood prevention, moisture control, and emergency supplies; Gradually upgrade waterproofing and drainage facilities in office areas to enhance operational resilience.
	Acute – Extreme Precipitation			Low		
	Acute – Drought			Low	Short-term Medium-to-long-term	
	Chronic – Rising Average Temperatures	<ul style="list-style-type: none"> Internal Operations: Potential increased reliance on air conditioning and refrigeration equipment, placing higher demands on office operational stability and energy management. 	<ul style="list-style-type: none"> Increased office electricity consumption, leading to higher energy expenditures and overall operational costs. 	Medium-low	Long-term	<ul style="list-style-type: none"> Upgrade office areas with energy-efficient cooling equipment to enhance energy utilization efficiency; Strengthen electricity management and optimize cooling equipment operation strategies, shutting down non-essential cooling equipment during non-office hours; Incorporate high temperature-related energy cost fluctuations into operational management and risk assessments.

⁶ Level: Determined by combining two dimensions – “probability of occurrence” and “severity of impact”, resulting in five levels, namely high, medium-high, medium, medium-low, and low. As per assessment, no climate-related risks or opportunities reached high or medium-high levels this year, and none of the Group’s assets or business activities are materially impacted by climate-related risks and opportunities.

⁷ Timeframe: The timeframe over which climate-related risks and opportunities are expected to have impacts, considering the Group’s business planning and national dual-carbon goals, categorized as short-term (within 5 years), medium-term (5 to 10 years), and long-term (beyond 10 years).

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Risk/Opportunity Type	Business Model and Value Chain	Potential Impact		Impact Assessment		
		Chain	Finance	Level ⁶	Timeframe ⁷	Response
Transition Risk	Policy and Legal – Increasingly stringent environmental and climate compliance requirements	<ul style="list-style-type: none"> Internal Operations: Potential increase in workload for data collection and compliance management, placing higher demands on internal processes; Upstream and Downstream: if compliance requirements within the supply chain enhance, it may impact business coordination and information gathering. 	<ul style="list-style-type: none"> Increased labor costs and third-party consulting fees; Non-compliance may result in fines or legal judgments, increasing financial risks and adversely affecting brand reputation; Climate-related policy changes (e.g., increased greenhouse gas emissions pricing) may elevate operational costs. 	Medium	Medium-to long-term	<ul style="list-style-type: none"> Continuously monitor national and local climate-related laws and regulations, conduct regular ESG compliance self-audits to identify and mitigate potential compliance risks; Advance climate-related data collection and management, continuously enhance climate risk management and internal control systems, and strengthen compliance capabilities; Mitigate potential cost pressures from climate-related policy changes by implementing energy-saving measures and optimizing energy management.
Technology – New Technology Investment	<ul style="list-style-type: none"> Internal Operations: Business layout and product structure adjustments may be impacted if new technology adoption or market promotion fails to meet expectations. 	<ul style="list-style-type: none"> Increased R&D expenses or capital expenditures; Disposal of high-energy-consumption equipment may increase costs; Lower-than-expected investment returns may elevate expense levels, leading to a decline in operating performance. 	Medium-low	Medium-to long-term	<ul style="list-style-type: none"> Continuously monitor market feedback on new products such as AI digital humans and technological applications such as big data, dynamically evaluate investment outcomes, and strengthen risk management; Accelerate the adoption and promotion of new technologies to enhance the efficiency of technology investment returns; Maintain a prudent investment pace and strengthen cost control. 	

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Risk/Opportunity Type	Potential Impact		Impact Assessment		
	Business Model and Value Chain	Finance	Level ⁶	Timeframe ⁷	Response
Market – Evolving Customer Behavior	<ul style="list-style-type: none"> Internal Operations & Downstream: Consumer and client preferences are shifting toward service providers with sustainable development and green communication capabilities, potentially altering service demand structures and client choices, impacting business expansion and project acquisition. 	<ul style="list-style-type: none"> Declining service demand compresses revenue potential and adversely affects profitability. 	Medium-low	Medium-term	<ul style="list-style-type: none"> Integrate sustainability factors into brand development strategies and advertising campaign decision-making processes to better align with market and client expectations; Develop innovative capabilities such as AI to enhance service diversity and overall competitiveness, thereby strengthening client retention.
Reputation – Stakeholder Concerns	<ul style="list-style-type: none"> Internal Operations & Downstream: Inadequate climate information disclosure may undermine corporate social image and market competitiveness. 	<ul style="list-style-type: none"> Brand value erosion impacting market share; Customer attrition and diminished competitive advantage negatively impact revenue and profitability. 	Low	Short-, medium-, and long-term	<ul style="list-style-type: none"> Continuously enhance climate information disclosure to ensure compliance, timeliness, and transparency; Strengthen investor relations management, closely monitor stock price fluctuations, and proactively address market concerns; Maintain vigilance on climate-related regulations and oversight trends, adjusting disclosure and communication strategies as needed.

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Risk/Opportunity Type	Potential Impact		Impact Assessment			
	Business Model and Value Chain	Finance	Level ⁶	Timeframe ⁷	Response	
Opportunities	Resource Efficiency – Energy-Saving Retrofits	<ul style="list-style-type: none"> Internal Operations: Optimize office energy consumption structure, reduce operational energy intensity, enhance operational stability and management efficiency. 	<ul style="list-style-type: none"> Reduce office electricity and maintenance costs, minimize indirect losses from downtime maintenance, and maintain energy costs below industry averages to enhance profitability. 	Medium	Medium-term	<ul style="list-style-type: none"> Advance energy-saving retrofits and equipment upgrades to optimize energy structure, enhance energy utilization efficiency, and reduce operational costs; Strengthen the application of emerging technologies such as AI in products and services to enhance service quality and product appeal, expanding revenue streams; Closely monitor clients' low-carbon transition needs, proactively develop new business areas such as green marketing, and expand potential market opportunities; Strengthen capabilities to identify and issue early warnings for climate risks such as extreme weather and policy changes, proactively adjust business arrangements to ensure continuity; Enhance employees' capabilities in low-carbon operations and emergency response scenarios to strengthen organizational resilience and long-term development capacity.
	Products and Services – Application of Emerging Technologies	<ul style="list-style-type: none"> Internal Operations: Enhance product appeal and service quality, broaden business scenarios and revenue streams, and strengthen market competitiveness. 	<ul style="list-style-type: none"> AI applications reduce material consumption and related costs; Drive revenue growth and bolster investor confidence. 	Medium	Short-, medium- and long-term	
	Market – Entering New Markets	<ul style="list-style-type: none"> Downstream: Increased demand for low-carbon concept dissemination and green product promotion creates opportunities for the Group to expand business in areas such as green marketing and enter new markets. 	<ul style="list-style-type: none"> Expand into new markets and diversify revenue streams; Enhance capital attractiveness, leading to more project collaborations and financing opportunities. 	Low	Long-term	
	Resilience – Strengthening Adaptability and Response Capabilities	<ul style="list-style-type: none"> Internal Operations: Reduce operational disruption risks and ensure business continuity. 	<ul style="list-style-type: none"> Optimize strategic decision-making, avoid high-risk business layouts, and enhance long-term profitability stability; Reduce long-term labor costs associated with sick leave and accidents. 	Medium	Medium-to long-term	

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Climate Scenario Analysis

The diverse risks and opportunities arising from climate change may profoundly impact the Group’s business model, value chain, and financial position. This year, we employed scenario analysis tools to simulate potential impacts under various global warming scenarios, including low-emission and high-emission scenarios for identified core climate risks and opportunities. This assessment evaluates the Group’s climate resilience and provides scientific support for developing response strategies.

Scope of Operations		Consistent with the scope of this report
Scenario Selection	Physical Risks	Intergovernmental Panel on Climate Change (IPCC) SSP1-2.6 and SSP5-8.5
	Transition Risk	International Energy Agency (IEA) Net Zero Emissions (NZE) Scenario and Stated Policies Scenario (STEPS)
	Selection Rationale	<ul style="list-style-type: none"> • High Contrast: Selected scenarios encompass both high-emission and low-emission scenarios, fully representing scenarios ranging from aggressive emissions reductions to extreme scenarios without policy constraints, comprehensively covering different warming ranges. • Balance: The selected scenarios are representative of both physical risks and transition risks. IPCC scenarios focus on changes in the global climate system and the physical impacts of extreme weather events, while IEA scenarios concentrate on the economic and social impacts of energy transitions and policy changes. • Scientific credibility: All selected scenarios are grounded in scientific research findings and model projections from internationally authoritative institutions, ensuring high credibility and broad industry recognition.
Timeframe	Short-term (within 5 years), medium-term (5 to 10 years), long-term (over 10 years)	
Assumptions	The Group’s existing core business layout, operating model, and upstream-downstream value chain partnerships remain stable across all scenarios.	

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The results indicate that, in terms of physical risks, under the high-emission scenario (SSP5-8.5), the frequency and intensity of extreme weather events are projected to continue rising. This may adversely impact our office operations, employee attendance, and business continuity, while also increasing costs related to facility maintenance, emergency management, and operational support. Additionally, it poses challenges to the stability of offline project execution and delivery. In contrast, under the low-emission scenario (SSP1-2.6), extreme weather risks generally moderate, with their occurrence probability and impact remaining relatively manageable, thereby reducing the disruption to our daily operations. Based on this analysis, we focus on developing physical risk adaptation measures for office operations. This involves refining extreme weather contingency plans, stockpiling essential emergency supplies, enhancing operational flexibility, and strengthening employee awareness of safety and management protocols during extreme weather events. Additionally, we are optimizing our business structure toward online and digital channels to mitigate the impact of extreme weather on project delivery and business continuity, thereby enhancing overall resilience.

In terms of transition risks, under the more aggressive low-carbon transition scenario (NZE), escalating climate-related policies, regulatory requirements, and market expectations for sustainability impose heightened adaptation demands on our information disclosure, compliance management, operational efficiency, and business models, resulting in increased transition pressure. Under the gradual transition scenario (STEPS), the pace of related policies and market changes is relatively moderate, resulting in lower transition risks. However, we must remain vigilant against uncertainties arising from regulatory shifts, evolving customer preferences, and competitive landscape changes. In response, we are continuously enhancing our climate-related governance and management systems, strengthening systematic collection of climate-related data, and engaging professional consulting firms to support disclosure preparations. Concurrently, we are advancing energy conservation, consumption reduction, and resource efficiency improvements. This includes gradually lowering Scope 1 and Scope 2 emissions through measures such as procuring energy-efficient equipment and electrifying our fleet of company vehicles for business. At the operational level, we actively explore the application of emerging technologies in products and services, integrate sustainability factors into brand development strategies and advertising campaign decision-making processes, and incorporate low-carbon performance into supplier selection and collaboration criteria within supply chain management. This fosters upstream and downstream collaborative decarbonization, enhancing our overall resilience to transition risks while seizing potential development opportunities amid uncertainty.

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7.4.3 Climate Risk Management

To comprehensively enhance our capacity to address climate change, the Group has established a climate-related risk and opportunity management process, which defines responsibilities and management requirements for the identification, assessment, prioritization, and monitor, and outlines detailed climate risk response plans to ensure swift and effective reactions to various potential climate risks. Concurrently, we integrate climate risks into the Group's overall risk management system. Through a systematic collaborative management model, we achieve coordinated control of climate risks alongside other risks, thereby enhancing overall risk management effectiveness.

Identification

- Based on the Task Force on Climate-related Financial Disclosures (TCFD) climate risk and opportunity inventory, we have preliminarily formed a climate-related risk and opportunity inventory by comprehensively considering our Group's business conditions and strategic plans, the latest trends in global climate-related policies and regulations, key concerns of internal and external stakeholders, and extensive peer benchmarking surveys.

Assessment

- The Board or externally engaged experts conduct climate change risk assessments annually, analyzing the impacts of climate risks and opportunities on our business model, value chain, and financial condition. We conduct materiality assessments for risks and opportunities identified across three dimensions, namely "probability of occurrence", "severity of impact" and "expected timeframe of impact".

Prioritization

- Utilizing climate scenario analysis tools, we assess the urgency of response actions to climate risks and opportunities under different scenarios, and combine this with response costs to define action priorities. On this basis, we coordinate resource allocation and optimize strategic layouts to ensure the scientific and rational nature of resource investments.

Monitor

- We regularly review the effectiveness and adequacy of the Group's existing strategies, targets, and internal controls, and continuously monitor changes in climate risks and opportunities to implement necessary improvement measures that enhance risk response capabilities. If climate risks and opportunities are deemed material, we will reference them in our strategies and financial plans.

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7.4.4 Climate Metrics and Targets

The Group actively responds to the national “dual carbon” strategy and policy requirements. Focusing on established greenhouse gas emission targets and taking into account the characteristics of our business operations and available resources, we continue to advance greenhouse gas emission reduction efforts and have set greenhouse gas emission intensity targets for Scope 1 and Scope 2 emissions for subsequent years. Moving forward, we will systematically advance the implementation of these emission reduction targets through measures such as establishing a supporting management system for emission reduction indicators and tracking and evaluating emission intensity.

Greenhouse Gas Emission Objective:

Using the 2025 greenhouse gas emissions intensity as a baseline, we aim to ensure that the annual average increase in total greenhouse gas emissions per RMB 10 million of revenue does not exceed **10%**⁸.

Greenhouse gas emissions ⁹	2025
Greenhouse gas emissions (scope 1) (Tonnes of CO ₂ equivalent)	24.99
Greenhouse gas emissions (scope 2) (Tonnes of CO ₂ equivalent) ¹⁰	218.21
Total greenhouse gas emissions (Scope 1 + Scope 2) (Tonnes of CO ₂ equivalent)	243.20
Total greenhouse gas emissions intensity (Scope 1 + Scope 2) (Tonnes of CO ₂ equivalent /RMB 10 million in revenue)	8.36
Greenhouse gas emissions (scope 3) (Tonnes of CO ₂ equivalent) ¹¹	88.62
Category 3: Fuel and energy-related activities (Tonnes of CO ₂ equivalent)	77.97
Category 6: Travel (Tonnes of CO ₂ equivalent)	10.65

⁸ Greenhouse gas emissions intensity in 20XX \leq 2025 greenhouse gas emissions intensity $\times (1 + 10\%)^{(20XX - 2025)}$

⁹ Scope 1 and Scope 2 greenhouse gases accounting is based on GHG Protocol: Corporate Accounting and Reporting Standard (2004) and presented in CO₂ equivalent. The accounting method and conversion factors come from the Accounting Method and Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (《工業其他行業企業溫室氣體排放核算方法與報告指南》) issued by the National Development and Reform Commission.

¹⁰ Due to the nature of the Group’s business, the Group indirectly generates green-house gas emissions from the use of purchased electricity, which are calculated using the latest national average carbon dioxide emission factor for electricity published by the Ministry of Ecology and Environment of China.

¹¹ Scope 3 greenhouse gas emissions are measured in accordance with the “Greenhouse Gas Accounting System: Standard for Accounting and Reporting on Enterprise Value Chains (Scope 3) (2011),” and include Category 3 (fuel and energy-related activities) and Category 6 (business travel). Category 3 emissions are calculated using data from the UK Government database, while Category 6 emissions are calculated using data from the USEEIO database.

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8. COMMUNITY IMPACT AND SOCIAL CONTRIBUTION

The Group consistently prioritizes social equity and justice and sustainable development as core guiding principles. Upholding an inclusive and collaborative development philosophy, we emphasize synergistic connections with communities and diverse stakeholders. We actively integrate internal and external resources to participate in community development, achieving precise alignment between corporate resources and community needs. Concurrently, we are concerned about the rights of vulnerable populations, proactively fulfill social responsibilities, and encourage employees to engage in community volunteer services, fostering a social atmosphere of mutual support and assistance.

Co-Creating Public Welfare Foundation Foundation

In March 2025, the Hubei Siyuan Public Welfare Foundation (湖北思源公益基金會) was formally established in Wuhan under the supervision of the Hubei Committee of the China National Democratic Construction Association (中國民主建國會湖北省委員會), with our Group serving as a key founding member. The Chairman of the Group was appointed as a member of the inaugural Board of Directors. The foundation's initiatives span rural revitalization, poverty alleviation and elderly care, as well as educational and disability support. Moving forward, the Group will focus on educational assistance and cultural heritage preservation, leveraging the foundation's platform to deepen philanthropic practices and advance the synergistic development of commercial value and social value.



Inauguration Ceremony of Hubei Siyuan Public Welfare Foundation

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

“Short Video Contest” Themed Labor Competition

In 2025, the Group launched a “Short Video Contest” themed labor competition. Centered on the theme of labor, the event provided a platform for community residents and employees to showcase their work ethic and convey the value of dedication. Through engaging and accessible participation formats, it enriched community cultural life, strengthened emotional bonds between the Company and the community, and fostered collective efforts to build a harmonious community.



“Short Video Contest” Promotion Meeting

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

9. APPENDIX: CONTENT INDEX OF ESG REPORTING GUIDE OF THE STOCK EXCHANGE

ESG Indicators		Disclosure	Corresponding chapter
A1 General Disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	7 Environmental Responsibility
A1.1	The types of emissions and respective emissions data.	Disclosed	7.1 Emission and Waste Management
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable	The Group is a non-producing enterprise and does not generate hazardous waste.
A1.4	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Comply or explain	7.1 Emission and Waste Management
A1.5	Description of emissions target(s) set, and steps taken to achieve them.	Disclosed	7.1 Emission and Waste Management
A1.6	Description of how hazardous and non-hazardous waste is handled, and a description of reduction target(s) set, and steps taken to achieve them.	Disclosed	7.1 Emission and Waste Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding chapter
A2 General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	7 Environmental Responsibility
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	7.3 Energy Management
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	7.2 Water Resources Management
A2.3	Description of energy use efficiency target(s) set, and steps taken to achieve them.	Disclosed	7.3 Energy Management
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set, and steps taken to achieve them.	Disclosed	7.2 Water Resources Management
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable	The Group is a non-production enterprise without the use of packaging materials
A3 General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Disclosed	7 Environmental Responsibility
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	7 Environmental Responsibility

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Disclosure	Corresponding chapter	
B1 General Disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	4.1 Compliant Employment
B1.1	Total workforce by gender, employment type (for example, full-or part time), age group and geographical region.	Disclosed	4.1 Compliant Employment
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	4.1 Compliant Employment
B2 General Disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	4.2 Occupational Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	4.2 Occupational Health and Safety
B2.2	Lost days due to work injury.	Disclosed	4.2 Occupational Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	4.2 Occupational Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding chapter
B3 General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	4.3 Employee Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	4.3 Employee Development and Training
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	4.3 Employee Development and Training
B4 General Disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Disclosed	4.1 Compliant Employment
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	4.1 Compliant Employment
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	4.1 Compliant Employment
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	5 Supply Chain Management
B5.1	Number of suppliers by geographical region.	Disclosed	5.1 Supplier Full Lifecycle Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	5.1 Supplier Full Lifecycle Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding chapter
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	5.1 Supplier Full Lifecycle Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	5.2 Sustainable Supply Chain
B6 General Disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Disclosed	3.2 Customer Service Management 3.4 Data Security and Privacy Protection
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable	The Group is a non-productive enterprise and does not involve products that need to be recycled for safety and health reasons
B6.2	Number of products and service-related complaints received and how they are dealt with.	Disclosed	3.2 Customer Service Management
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	3.3 Intellectual Property Protection
B6.4	Description of quality assurance process and recall procedures.	Not applicable	The Group is a non-production enterprise and does not involve the quality verification process and product recycling procedures

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding chapter
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	3.4 Data Security and Privacy Protection
B7 General Disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	6.2 Business Ethics
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	6.2 Business Ethics
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Disclosed	6.2 Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	6.2 Business Ethics
B8 General Disclosure	Policies on community contribution to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	8. Community Impact and Social Contribution
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	8. Community Impact and Social Contribution
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	8. Community Impact and Social Contribution
D19(a)	The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.	Disclosed	7.4 Response to Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding chapter
D19(b)	Management' s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	Disclosed	7.4 Response to Climate Change
D20(a)	Describe climate-related risks and opportunities that could reasonably be expected to affect the issuer' s cash flows, its access to finance or cost of capital over the short, medium or long term.	Disclosed	7.4 Response to Climate Change
D20(b)	Explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk.	Disclosed	7.4 Response to Climate Change
D20(c)	Specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur.	Disclosed	7.4 Response to Climate Change
D20(d)	Explain how the issuer defines 'short term' , 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	Disclosed	7.4 Response to Climate Change
D21(a)	A description of the current and anticipated effects of climate-related risks and opportunities on the issuer' s business model and value chain.	Disclosed	7.4 Response to Climate Change
D21(b)	A description of where in the issuer' s business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Disclosed	7.4 Response to Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding chapter
D22(a)	Information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation.	Disclosed	7.4 Response to Climate Change
D23	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	Disclosed	7.4 Response to Climate Change
D24(a)	How climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period.	Comply or explain	After evaluation, the Group can neither identify the relevant impacts separately, nor the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful.
D24(b)	The climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	Comply or explain	After evaluation, the Group does not have such significant risks.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding chapter
D25(a)	How the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration its investment and disposal plans, and its planned sources of funding to implement its strategy.	Comply or explain	After evaluation, the Group can neither identify the relevant impacts separately, nor the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful.
D25(b)	How the issuer expects its financial performance and cash flow to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Comply or explain	After evaluation, the Group can neither identify the relevant impacts separately, nor the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful.
D26(a)	The issuer shall disclose the issuer's assessment of its climate resilience as at the reporting date.	Disclosed	7.4 Response to Climate Change
D26(b)	How and when the climate-related scenario analysis was carried out.	Disclosed	7.4 Response to Climate Change
D27(a)	An issuer shall disclose information about the processes and related policies it uses to identify, assess, prioritize and monitor climate-related risks.	Disclosed	7.4 Response to Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding chapter
D27(b)	The processes the issuer uses to identify, assess, prioritize and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities).	Disclosed	7.4 Response to Climate Change
D27(c)	The extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Disclosed	7.4 Response to Climate Change
D28(a)	Scope 1 greenhouse gas emissions	Disclosed	7.4 Response to Climate Change
D28(b)	Scope 2 greenhouse gas emissions	Disclosed	7.4 Response to Climate Change
D28(c)	Scope 3 greenhouse gas emissions	Disclosed	7.4 Response to Climate Change
D29(a)	An issuer shall measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions.	Disclosed	7.4 Response to Climate Change
D29(b)	Disclose the approach it uses to measure its greenhouse gas emissions.	Disclosed	7.4 Response to Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding chapter
D29(c)	For Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions.	Disclosed	7.4 Response to Climate Change
D29(d)	For Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	Disclosed	7.4 Response to Climate Change
D30	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Comply or explain	After evaluation, the Group currently has no assets that are significantly exposed to climate-related transition risks or physical risks, nor does it have any assets associated with climate-related opportunities.
D31	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Comply or explain	
D32	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Comply or explain	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding chapter
D33	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Comply or explain	After evaluation, the Group's expenditure on climate-related risks and opportunities currently involve operating expenses only, and does not involve any capital expenditure, financing or investment.
D34(a)	An explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis).	Comply or explain	As of the end of the Reporting Period, the Group had not applied a carbon price in decision-making.
D34(b)	The price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions.	Comply or explain	
D35	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement.	Comply or explain	As of the end of the Reporting Period, the Group did not include climate-related factors in its remuneration policies.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Disclosure	Corresponding chapter
D36	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterize participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	Comply or explain As Paragraph 36 pertains to encouraged disclosure of items, the industry indicators are not disclosed in this report.
D37	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets.	Disclosed 7.4 Response to Climate Change
D38	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target.	Disclosed 7.4 Response to Climate Change
D39	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Disclosed 7.4 Response to Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Disclosure	Corresponding chapter
D40	<p>For each greenhouse gas emission target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:</p> <ul style="list-style-type: none"> (a) Which greenhouse gases are covered by the target; (b) Whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) Whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) Whether the target was derived using a sectoral decarbonization approach; and (e) The issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. 	<p>7.4 Response to Climate Change</p> <p>As of the end of the Reporting Period, the Group had not adopted a sectoral decarbonization approach for its greenhouse gas emission targets, and the Group has not made a plan to use carbon credits to offset its greenhouse gas emissions.</p>
D41	<p>In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).</p>	<p>Comply or explain</p> <p>The Group has fully referenced cross-industry indicators and considered the applicability, and has not taken industry-specific indicators into consideration.</p>

INDEPENDENT AUDITOR'S REPORT



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TO THE SHAREHOLDERS OF HUASHI GROUP HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Huashi Group Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 137 to 189, 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 HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) 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 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.

REVENUE RECOGNITION

Refer to summary of accounting policies in note 3.5 and disclosure of revenue in note 5 to the consolidated financial statements.

The Group is principally engaged in the provision of branding, advertising and marketing services and advertisement placement services in the PRC.

INDEPENDENT AUDITOR'S REPORT

REVENUE RECOGNITION (Continued)

Revenue from provision of branding services, event execution and production services, and multimedia advertising services are recognised over service/performance period. Furthermore, the Group only acts as agent in the provision of advertisement placement services (including rebates from Media Partner) and recognised fee, commission or net amount of consideration retained after paying the other party the consideration received in exchange for those services provided by that party as revenue.

We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the recognition of revenue by management to meet specific targets or expectations.

Our response

Our procedures in relation to assess the recognition of revenue included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls which govern revenue recognition;
- inspecting agreements with advertisers, on a sample basis, to understand the terms of advertising services and assess whether management recognised the related revenue in accordance with the Group's accounting policies, with reference to the requirements of the prevailing accounting standards;
- obtaining confirmations, on a sample basis, from major customers of the Group of sales transactions during the year, for unreturned confirmations, performing alternative procedures by comparing details of the transactions with relevant underlying documentation;
- comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying agreements with advertisers and monthly customer statements to determine whether the related revenue had been recognised in the appropriate financial period; and
- comparing sales records for a sample of sales transactions recorded during the year with relevant underlying documentation, which included sales invoices and monthly customer statements with evidence of the customers' receipt of the services and the date of receipt of the services by the customers.

INDEPENDENT AUDITOR'S REPORT

RECOVERABILITY OF TRADE AND OTHER RECEIVABLES

Refer to summary of accounting policies in note 3.4(ii), critical accounting estimates and judgements in note 4(ii) and disclosure of trade and other receivables in notes 18 and 19 respectively to the consolidated financial statements.

As at 31 December 2025, the Group had net trade receivables amounting to approximately RMB384.3 million after making allowance for impairment loss of approximately RMB23.8 million and net deposits and other receivables amounting to approximately RMB42.0 million after making allowance for impairment loss of approximately RMB0.2 million. They represented approximately 64.6% of the total assets of the Group and are considered quantitatively significant to the Group.

The Group measures the loss allowance for its trade receivables at an amount equal to the lifetime expected credit losses (“**ECLs**”) using the provision matrix. The provision matrix is determined based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group measures the loss allowance for its deposits and other receivables based on the 12-months ECLs. When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

We identified the recoverability of trade and other receivables as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant degree of judgements made by the management in assessing the impairment of trade and other receivables and determining the allowance for impairment losses.

Our response

Our procedures in relation to the recoverability of trade and other receivables included the following:

- discussing with management whether the provision for ECLs is adequate and assess the assumptions and estimates made by the management in development of the ECLs are in compliance with HKFRS 9;
- obtaining an understanding of the basis of management’s approach to measuring ECLs of trade and other receivables balances and assessing the reasonableness of management’s loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rate are appropriately adjusted based on current economic conditions and forward-looking information;
- testing the integrity of information used by management and management valuer for impairment assessment, including trade and other receivables ageing analysis as at 31 December 2025, on a sample basis, by comparing individual items in the analysis with the relevant sales agreements, sales invoices and other supporting documents;
- obtaining confirmations on a sample basis at the year end, for unreturned confirmations, performing alternative procedures by comparing details of the transactions with relevant underlying documentation;
- obtaining external valuation reports from management’s expert and assessing the capability, competency, objectivity and independence of the management expert; and
- engaging internal valuation specialist to review the reasonableness of ECLs estimation and assumption performed by management’s experts.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included 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.

DIRECTORS' RESPONSIBILITIES 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 HKFRS Accounting Standards as issued by the HKICPA 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.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

INDEPENDENT AUDITOR'S REPORT

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT

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

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

BDO Limited

Certified Public Accountants

Yau Shuk Yuen Amy

Practising Certificate no. P06095

Hong Kong, 27 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	5	290,937	288,526
Cost of services		(110,918)	(128,979)
Gross profit		180,019	159,547
Other net income	6	1,694	8,919
Selling and marketing expenses		(26,362)	(18,496)
Administrative and other operating expenses		(48,601)	(45,077)
(Provision for)/reversal of expected credit loss on financial and contract assets, net		(7,663)	365
Finance costs	7	(4,226)	(5,083)
Profit before income tax expense	8	94,861	100,175
Income tax expense	9	(23,505)	(19,540)
Profit for the year		71,356	80,635
Profit for the year attributable to:			
– Owners of the Company		71,356	80,635
		71,356	80,635
Earnings per share attributable to owners of the Company	11		
– Basic and diluted (RMB cents)		9.26	10.46

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Assets			
Non-current assets			
Plant and equipment	13	94,974	49,073
Right-of-use assets	14	4,278	6,089
Intangible assets	15	464	1,238
Deferred tax assets	25	6,799	3,231
Prepayments	19	1,603	626
		108,118	60,257
Current assets			
Trade receivables	18	384,256	203,236
Deposits, prepayments and other receivables	19	42,249	158,761
Restricted bank deposit	20	5,000	–
Cash and cash equivalents	20	120,277	100,398
		551,782	462,395
Total assets		659,900	522,652
Liabilities			
Current liabilities			
Trade payables	22	57,280	29,581
Accruals and other payables	23	12,346	12,235
Amount due to a shareholder	17	993	–
Contract liabilities	5	19,888	6,122
Lease liabilities	16	2,512	2,400
Borrowings	24	112,560	93,920
Current tax liabilities		6,766	6,458
		212,345	150,716
Net current assets		339,437	311,679
Total assets less current liabilities		447,555	371,936

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Borrowings	24	19,950	14,000
Lease liabilities	16	4,928	7,440
Deferred tax liabilities	25	8,077	7,252
		32,955	28,692
Total liabilities		245,300	179,408
NET ASSETS			
Equity attributable to owners of the Company			
Share capital	27	276,515	276,515
Reserves		138,085	66,729
TOTAL EQUITY		414,600	343,244

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 March 2026 and were signed on its behalf by:

Chen Jicheng

Director

Xue Yuchun

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Attributable to owners of the Company				
	Share capital RMB'000 (Note 27)	Capital reserves* RMB'000 (Note 27)	PRC statutory reserves* RMB'000 (Note 27)	Retained profits* RMB'000	Total RMB'000
Balance at 1 January 2024	276,515	(171,099)	10,910	146,283	262,609
Profit for the year	–	–	–	80,635	80,635
Appropriation to PRC statutory reserves	–	–	9,449	(9,449)	–
Balance at 31 December 2024 and 1 January 2025	276,515	(171,099)	20,359	217,469	343,244
Profit for the year	–	–	–	71,356	71,356
Appropriation to PRC statutory reserves	–	–	7,600	(7,600)	–
Balance at 31 December 2025	276,515	(171,099)	27,959	281,225	414,600

* The total of these amounts as at the reporting dates represents "Reserves" in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Profit before income tax expense		94,861	100,175
Adjustments for:			
Interest income	6	(51)	(696)
Finance costs	7	4,226	5,083
Depreciation of plant and equipment	13	10,333	5,618
Depreciation of right-of-use assets	14	1,811	798
Amortisation of intangible assets	15	807	1,216
Exchange gain	6	(96)	(664)
Loss on written off of plant and equipment		456	–
Provision for/(reversal of) expected credit loss on financial and contract assets, net	8	7,663	(365)
Operating profit before working capital changes		120,010	111,165
Decrease in contract assets		–	1,075
(Increase)/decrease in trade receivables		(190,347)	41,709
Decrease/(increase) in deposits, prepayments and other receivables		117,199	(30,874)
Increase/(decrease) in trade payables		27,699	(55,318)
Increase in accruals and other payables		111	4,415
Increase in contract liabilities		13,766	4,249
Cash generated from operating activities		88,438	76,421
Income tax paid		(25,940)	(15,903)
Net cash generated from operating activities		62,498	60,518
Cash flows from investing activities			
Interest received		51	696
Purchase of plant and equipment	13	(56,690)	(29,709)
Purchase of intangible assets	15	(33)	(50)
Prepayment for intangible assets		–	(85,200)
Placement of restricted bank deposits		(5,000)	–
Net cash used in investing activities		(61,672)	(114,263)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Cash flows from financing activities			
Proceeds from borrowings	26	155,000	97,000
Repayment of borrowings	26	(130,410)	(108,020)
Lease payments	26	(2,796)	(1,783)
Advance from a shareholder	26	993	–
Payments of loan interests	26	(3,830)	(4,741)
Net cash generated from/(used in) financing activities		18,957	(17,544)
Net increase/(decrease) in cash and cash equivalents		19,783	(71,289)
Exchange differences on cash and cash equivalents		96	664
Cash and cash equivalents at beginning of the year		100,398	171,023
Cash and cash equivalents at end of the year		120,277	100,398

Major non-cash transaction:

During the year ended 31 December 2024, prepayments in non-current assets amounted to RMB122,006,000 were transferred to deposits, prepayments and other receivables in current assets due to cancellation of contracts related to acquisition of intangible assets. No such transaction is recorded in the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands on 18 February 2021 with limited liability under the Companies Act (as revised) of the Cayman Islands. The Company's registered office is located at 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands. The Company's principal place of business is located in the People's Republic of China (the "**PRC**").

The principal activity of the Company is investment holding. The Company and its subsidiaries (together referred to as the "**Group**") are principally engaged in provision of branding, advertising and marketing services and advertisement placement services in the PRC.

The directors of the Company consider the ultimate beneficial owner and immediate holding company of the Company are Mr. Chen Jicheng and Jaiyi Culture Media Limited, a company incorporated in the British Virgin Islands.

Particulars of the Company's principal subsidiaries are set out in Note 21 to the consolidated financial statements.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (collectively "**HKFRS Accounting Standards**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure provisions of the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The preparation of financial statements in compliance with adopted HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and their effect are disclosed in note 4.

i. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

ii. Functional and presentation currency

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the Company's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2. BASIS OF PREPARATION (Continued)

iii. New standards, interpretations and amendments adopted from 1 January 2025

The following amendments are effective for the annual reporting period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to HKAS 21 The Effects of Changes in Foreign Exchange Rates)
- Disclosure about Uncertainties in the Financial Statements (Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37)

Adoption of these amendments to HKFRS Accounting Standards had no material impact on the Group's consolidated financial statements.

iv. New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the HKICPA that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the annual reporting period beginning 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to HKFRS 9 Financial Instruments and HKFRS 7 Financial Instruments: Disclosures)
- Contracts Referencing Nature-dependent Electricity (Amendments to HKFRS 9 Financial Instruments and HKFRS 7 Financial Instruments: Disclosures)
- Annual Improvements to HKFRS Accounting Standards – Volume 11

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2. BASIS OF PREPARATION (Continued)

iv. New standards, interpretations and amendments not yet effective (Continued)

The following new standards are effective for the annual reporting period beginning 1 January 2027:

- HKFRS 18 Presentation and Disclosure in Financial Statements;
- HKFRS 19 Subsidiaries without Public Accountability: Disclosures;
- Translation to a Hyperinflationary Presentation Currency (Amendments to HKAS 21 The Effects of Changes in Foreign Exchange Rates);
- Amendments to HK Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The following amendment's effective date is to be determined by the HKICPA

- Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an investor and its Associate or Joint Venture

HKFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the HKICPA in July 2024 supersedes HKAS 1 and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The adoption of HKFRS 19 is optional. HKFRS 19 specifies the disclosure requirements that an entity is permitted to apply to substitute the disclosure requirements in other HKFRS Accounting Standards. The Company's shares are listed and traded in The Stock Exchange of Hong Kong Limited. Therefore, it has public accountability according to HKFRS 19 and does not qualify for electing to apply the standard to prepare its financial statements.

The Group has substantially completed of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a material impact on the consolidated financial statements except for HKFRS 18 as stated above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. SUMMARY OF ACCOUNTING POLICIES

This note provides a list of the accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

3.2 Intangible assets and research activities

Intangible assets acquired separately are initially recognised at cost. Expenditure on research activities is recognised in profit or loss as incurred.

Intangible assets with finite useful lives are subsequently amortised over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortisation is provided on a straight-line basis over their useful lives as follows:

Mobile application	5 years
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

3.3 Plant and equipment

Plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Plant and equipment are depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight line method. The useful lives are as follows:

Leasehold improvements	Over the remaining life of the related leases but not exceeding 5 years
Motor vehicles	10 years
Office equipment	3 – 5 years
Broadcasting equipment	5 years

The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction in progress is stated at cost less any accumulated impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Construction in progress is transferred to the appropriate classes of property, plant and equipment when substantially all the activities necessary to prepare the assets for the intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

The gain or loss on disposal of an item of plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.4 Financial instruments

i. Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item classified as subsequently measured at amortised cost, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Debt instruments including trade receivables, deposits and other receivables that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are subsequently measured at amortised cost using effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. The Group derecognises these assets when contractual rights to the cashflows from the asset expire, or when it transfers these assets and substantially all the risks and rewards of ownership of the asset to another entity.

ii. Impairment loss on financial assets

The Group measures loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

ii. Impairment loss on financial assets (Continued)

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

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

In addition, the Group considers that an event of default occurs when there is a breach of financial covenants by the counterparty; or information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group). Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

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

iii. Financial liabilities

Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable transaction costs incurred. They are subsequently measured at amortised costs under effective interest method. Interest expense is recognised in accordance with the accounting policy as set out in note 3.10 and foreign exchange gains and losses are recognised in profit or loss.

Gains or losses are also recognised in profit or loss when the liabilities are derecognised. Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

iv. Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3.5 Revenue recognition

i. Provision of branding services

The Group provide branding services to customers where the Group will conduct market research and formulate comprehensive and customised branding services proposals for customers covering various areas, including corporate brand building, products and/or services positioning, and marketing and sales strategies, which generally include studying and analysing on the customer's brand; designing and planning of the brand development strategies and design of the brand image; as well as formulation of products and/or services marketing and brand promotion plans.

The customer generally pays a non-refundable deposit upon entering the contract and will make the remaining payments by instalments during the provision of branding services. Invoices issued are generally payable within 90 days. If the contract were to be terminated, the Group has an enforceable right to cost plus a margin. The Group has applied the practical expedient not to recognise any financing element as the contracts are typically completed within one year and because of the payment terms. A single performance obligation is generally identified in contracts for branding services due to the high degree of integration of the various tasks forming a combined output that is transferred to the customer over time. Revenue is recognised over time based on input method as the branding services proposals are highly customised to the customer, have no alternative use for the Group and the Group generally has enforceable rights to payment for performance completed to date. The stage of completion is assessed by reference to the contract costs incurred to date in proportion to the total estimated contract costs of each contract.

ii. Provision of event execution and production service

Event execution and production services refer to organisation and implementation of marketing events to promote the brands, products and/or services of the customers. Specifically, event execution and production services refer to a variety of professional services including event planning, venue leasing, material procurement, on-site management and coordination in both offline scene activities such as literary events, programs, exhibitions, roadshows, press conferences and symposiums, and online scene activities such as online forums and social networking services platforms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.5 Revenue recognition (Continued)

ii. Provision of event execution and production service (Continued)

The customer generally pays a non-refundable deposit upon entering the contract and will make the remaining payments by instalments during the provision of event execution and production services. Invoices issued are generally payable within 90 days. If the contract were to be terminated, the Group has an enforceable right to cost plus a margin. The Group has applied the practical expedient not to recognise any financing element as the contracts are typically completed within one year and because of the payment terms. A single performance obligation is generally identified in contracts for event execution and production services due to the high degree of integration of the various tasks forming a combined output that is transferred to the customer over time. However, where there are contracts with more than one service that are capable of being distinct and are distinct within the context of the contract, those services are accounted for as separate performance obligations, and revenue is allocated to each of the performance obligations based on relative stand-alone selling prices. The stand-alone selling price is estimated using expected cost plus a margin approach, factoring in expected costs of satisfying the performance obligations and add an appropriate margin for that services. Revenue is recognised over time based on input method as the marketing events are highly customised to the customer, have no alternative use for the Group and the Group generally has enforceable rights to payment for performance completed to date. The stage of completion is assessed by reference to the contract costs incurred to date in proportion to the total estimated contract costs of each contract.

iii. Provision of multimedia advertising services

Multimedia advertising services comprises traditional offline media advertising services and online media advertising services, through procurement of advertising resources from traditional offline media such as TV, radio and outdoor advertising space and online media such as websites, search engines, applications and social media platforms.

The customer generally pays service fee on monthly basis during the provision of advertising services. Invoices issued are generally payable within 90 days. The Group has applied the practical expedient not to recognise any financing element as the contracts are typically completed within one year and because of the payment terms. In most instance, promised services in a contract are not considered distinct or represent a series of services that are substantially the same with the same pattern of transfer to the customer and, as such, are accounted for as a single performance obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.5 Revenue recognition (Continued)

iii. Provision of multimedia advertising services (Continued)

The amount of revenue recognised depends on whether the Group act as an agent or as a principal. Certain arrangements with the customers are such that the Group is to arrange for a third party to provide a specified service to the customers. In these cases, the Group is acting as an agent as the Group do not control the relevant the service before it is transferred to the customers. When the Group act as an agent, the revenue recognised is the net amount of consideration to which the Group retains after paying the supplier in exchange for the services to be provided by that party. The Group acts as principal when the Group control the specified good or service prior to transfer, and the revenue recognised is the gross amount of consideration to which would be entitled. The Group does not obtain control of the services before it is being transferred to the customer, when the Group (i) is primarily responsible to arrange the services to be provided by third parties rather than fulfilling the promise; (ii) has not obtained or committed to obtain the service before obtaining a contract with a customer such that the Group did not have the ability to direct the use of the services provided by the supplier; and (iii) has no discretion in establishing the prices and selecting the supplier.

When the Group is a principal, revenue from provision of multimedia advertising services is recognised on a straight-line basis over the performance period for which the services are rendered as the customer simultaneously receives and consumes the benefits from the Group's performance as the Group performs, otherwise, revenue is recognised when the Group fulfilled the specific performance obligation under the finalised contract terms with customers.

iv. Provision of advertisement placement services

The Group provides advertisement placement services to the Group's advertisers. Media Partners also grant to the Group rebates in cash mainly based on the gross spending of the advertisers.

In these arrangements the Group (i) is merely responsible for helping advertisers or their agents to arrange the specified services to be transferred by the Media Partner; (ii) has no bearing for inventory risks because the Group does not have ownership of online media advertising resources provided by the Media Partner; and (iii) has no discretion in establishing the prices for the specified services to be provided by the Media Partner. The Group has no control on the specified service before that service is delivered to the advertisers and only act as the agent to help the advertisers or their agents to liaise with the Media Partner which will transfer the services to the advertisers or their agents. The online media platforms of the Media Partner are identified and determined by the advertisers or their agents and the Group has no ownership of the advertisement and has not acquired user traffic from the Media Partner. Instead, the Group helps to liaise with the Media Partner to arrange the advertisement placement on various media platforms of the Media Partner. Therefore, the Group recognises fee, commission or net amount of consideration retained after paying the other party the consideration received in exchange for those services provided by that party as revenue. Under these arrangements, the rebates earned from the Media Partners are recorded as revenue in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.5 Revenue recognition (Continued)

iv. Provision of advertisement placement services (Continued)

The Group may offer rebates to customers as part of its incentive activities in some circumstances at its own discretion. When the Group has decided to offer such incentive rebates to its customers, the rebates offered are considered as variable considerations and hence recognised as a deduction of revenue for the period when the related promised services were transferred to the customers.

3.6 Leases

The Group as a lessee

All leases are capitalised in the statement of financial position as right-of-use assets and lease liabilities except for (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset are initially recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequent to the commencement date, the Group measures the lease liability by:

- i. increasing the carrying amount to reflect interest on the lease liability;
- ii. reducing the carrying amount to reflect the lease payments made; and
- iii. remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.6 Leases (Continued)

Lease liability (Continued)

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

3.7 Income tax

Income taxes for the year comprise current tax and deferred tax. Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences. Except for initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits and does not give rise to equal taxable and deductible temporary difference, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates that have been enacted or substantively enacted at the end of reporting period.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.8 Employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

3.9 Impairment of other assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- plant and equipment;
- right-of-use assets; and
- intangible assets.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash generating unit).

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash generating unit to which it belongs, exceeds its recoverable amount. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

3.10 Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are complete. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

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

i. Useful lives of plant and equipment

The Group determines the estimated useful lives, and related depreciation charges for its plant and equipment. The estimates are based on the historical experience of the actual useful lives of plant and equipment of similar nature and functions. Management will increase the depreciation charges where useful lives are less than previously estimated useful lives. It will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in estimated useful lives and therefore affect the depreciation charges in future periods.

ii. Impairment of trade and other receivables

The impairment of trade and other receivables are based on assumptions about risk of default and expected credit loss rates. The Group adopts judgement in making these assumption and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, existing market conditions including forward looking estimates at end of reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and impairment losses in the periods in which such estimate has been changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

iii. Income taxes and deferred tax

Significant judgement is required on the interpretation of tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the unused tax losses and deductible temporary differences could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

iv. Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. The calculation of the fair value less costs of disposal is based on such available data as binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

v. Determination of revenue recognition on gross or net basis

As disclosed in Note 3.5, the Group provides provision of advertisement placement services and multi media advertising services to its customers, which involve the assessment of revenue recognition on a gross or net basis, i.e. principal vs agent assessment. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the Group is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the Group has inventory risk before and after the specified service has been transferred to a customer; and (c) whether the Group has discretion in establishing the prices for the specified goods or service. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative and applies judgment when assessing the indicators depending on each different circumstance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5. REVENUE

Management has determined the operating segments based on the reports reviewed by chief executive officer. The chief executive officer, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the years ended 31 December 2025 and 2024, the Group is principally engaged in the provision of branding, advertising and marketing services and advertisement placement services in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the chief executive officer of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during the years ended 31 December 2025 and 2024.

As at 31 December 2025 and 2024, all of the non-current assets were located in the PRC.

Information about major customers

None of revenue from external customers derived from provision of branding, advertising and marketing service and advertisement placement services contributing over 10% to the total revenue of the Group for the years ended 31 December 2025 and 2024.

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, excluding those amounts collected on behalf of third parties.

The Group's revenue is mainly generated from the provision of branding, advertising and marketing service and advertisement placement services. An analysis of the Group's revenue by category for the years ended 31 December 2025 and 2024 were as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers		
Branding services	116,672	100,205
Event execution and production services	65,152	59,158
Online media advertising services	17,596	60,539
Advertisement placement services	71,428	50,928
Rebates from Media Partner	20,089	17,696
	290,937	288,526

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5. REVENUE (Continued)

	2025 RMB'000	2024 RMB'000
Timing of revenue recognition		
Services transferred over time	188,940	180,782
Services transferred at a point in time	101,997	107,744
	290,937	288,526

(a) Assets recognised from incremental costs to obtain a contract

During the years ended 31 December 2025 and 2024, there was no significant incremental costs to obtain a contract.

(b) Details of contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	2025 RMB'000	2024 RMB'000
Contract liabilities	19,888	6,122

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5. REVENUE (Continued)

(b) Details of contract liabilities (Continued)

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period is in relation to contract liabilities.

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
– Branding services	265	–
– Event execution and production services	839	–
– Online media advertising services	104	1,123
– Advertisement placement services	4,914	750
	6,122	1,873

6. OTHER NET INCOME

	2025 RMB'000	2024 RMB'000
Interest income	51	696
Sundry income	139	89
Government grants (<i>Note</i>)	1,408	7,470
Exchange gain	96	664
	1,694	8,919

Note: Government grants represented the financial support received from local government as an incentive for business development and there are no unfulfilled conditions attached to the government grants.

7. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on borrowings	3,830	4,741
Interest on lease liabilities (<i>Note 16</i>)	396	342
	4,226	5,083

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

8. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging/(crediting) the following:

	2025 RMB'000	2024 RMB'000
Auditor's remuneration	1,000	1,000
Cost of services provided by suppliers	99,903	113,501
Amortisation of intangible assets (Note (c)/15)	807	1,216
Depreciation of plant and equipment (Note 13)	10,333	5,618
Depreciation of right-of-use assets – Leased properties (Note 14)	1,811	798
Business development costs (Note (b))	22,636	20,436
Provision for/(reversal of) expected credit loss on financial and contract assets, net	7,663	(365)
Short-term lease expenses	–	310
Staff costs (including directors' emoluments):		
Salaries and bonus	27,512	21,690
Pension costs, housing funds, medical insurances and other social insurances (Note (a))	2,162	4,009
	29,674	25,699

Notes:

- a) Pursuant to the relevant regulations of the PRC government, the Group participates in a central pension scheme operated by the local municipal government (the "Scheme"), whereby the subsidiaries in the PRC is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries of the Company. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.
- b) Included in business development costs are salaries and bonus of RMB2,034,000 (2024: RMB1,978,000) and pension costs, housing funds, medical insurances and other social insurances of RMB222,000 (2024: RMB239,000), which amount is not included in staff costs disclosed separately above.
- c) Amortisation charges on the Group's intangible assets are recognised in the administrative and other operating expenses line item in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

9. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
Current tax		
Tax for the current year	28,690	19,494
Over-provision in respect of prior years	(2,439)	–
	26,251	19,494
Deferred tax		
(Credited)/charged to profit or loss for the year (Note 25)	(2,746)	46
	23,505	19,540

Under the Law of the PRC on Enterprise Income Tax (“EIT”) and Implementation Regulations of the EIT Law, the tax rate of the Company’s PRC subsidiaries is 25%.

Provision for the EIT for the year then ended was made based on the estimated assessable profits calculated in accordance with the relevant income tax laws, and regulations applicable to the subsidiaries operated in the PRC.

Huashi Zhonguang International Media (Wuhan) Company Limited, one of the subsidiaries of the Company, is entitled to a preferential income tax rate of 15% for the years ended 31 December 2025 and 2024, as it was awarded high-technology status by tax authority.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during the years ended 31 December 2025 and 2024.

OECD’s Pillar Two model rules

The Group operates in the PRC where the Pillar Two Rules are not yet enacted. As the Group’s consolidated annual revenue is less than EUR750 million, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

9. INCOME TAX EXPENSE (Continued)

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

	2025 RMB'000	2024 RMB'000
Profit before income tax expense	94,861	100,175
Tax calculated at a tax rate of 25%	23,715	25,044
Tax effects of different tax rates applicable to different subsidiaries of the Group	(5,160)	(7,939)
Tax effect of expenses not deductible for tax purposes	7,726	2,500
Over-provision in prior year	(2,439)	–
Tax effect of income not taxable	(337)	–
Tax effect of other temporary differences recognised	–	46
Utilisation of tax losses previously not recognised	–	(111)
Income tax expense	23,505	19,540

10. DIVIDEND

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

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2025	2024
Profit for the year attributable to owners of the Company (RMB'000)	71,356	80,635
Weighted average number of shares in issue	770,650,000	770,650,000
Basic earnings per share (RMB cents)	9.26	10.46

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

11. EARNINGS PER SHARE (Continued)

Note: Diluted earnings per share presented is the same as the basic earnings per share as there was no dilutive potential ordinary share outstanding during the years ended 31 December 2025 and 2024.

12. DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Details of directors' emoluments during the years ended 31 December 2025 and 2024 are as follows:

	Fee RMB'000	Salaries RMB'000	Discretionary bonus RMB'000	Pension costs, housing funds, medical insurances and other social insurances RMB'000	Total RMB'000
Year ended 31 December 2025					
<i>Executive Directors</i>					
Mr. Chen Jicheng	329	132	-	16	477
Ms. Wang Shujin (retired on 27 June 2025)	115	-	-	16	131
Mr. Zhang Bei	219	-	-	-	219
Ms. Xue Yuchun	220	-	-	16	236
Ms. Chen Jizhen (appointed on 27 March 2025)	150	-	-	-	150
<i>Independent non-executive directors</i>					
Dr. He Weifeng	64	-	-	-	64
Mr. How Sze Ming (resigned on 27 June 2025)	52	-	-	-	52
Mr. Li Guangdou	64	-	-	-	64
Mr. Peng Litang	64	-	-	-	64
	1,277	132	-	48	1,457

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' emoluments (Continued)

	Fee RMB'000	Salaries RMB'000	Discretionary bonus RMB'000	Pension costs, housing funds, medical insurances and other social insurances RMB'000	Total RMB'000
Year ended 31 December					
2024					
<i>Executive Directors</i>					
Mr. Chen Jicheng	328	537	44	16	925
Ms. Wang Shujin	232	344	38	16	630
Mr. Zhang Bei	219	378	33	15	645
Ms. Xue Yuchun	219	359	45	15	638
<i>Independent non-executive directors</i>					
Dr. He Weifeng	66	–	–	–	66
Mr. How Sze Ming	110	–	–	–	110
Mr. Li Guangdou	66	–	–	–	66
Mr. Peng Litang	66	–	–	–	66
	1,306	1,618	160	62	3,146

Notes:

- i. The discretionary bonus was determined on a discretionary basis with reference to the Group's operating results, individual's performance and comparable market statistics.
- ii. No directors received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2025 and 2024. No directors waived or agreed to waive any emoluments during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) The five highest paid individuals

The five highest paid individuals of the Group during the years ended 31 December 2025 and 2024 are analysed as follows:

	2025 Number of individuals	2024 Number of individuals
Directors	5	4
Non-directors	–	1
	5	5

Details of the emoluments of the above non-directors, the highest paid individual during the years ended 31 December 2025 and 2024 are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and allowances	–	175
Pension costs, housing funds, medical insurances and other social insurances	–	8
Discretionary bonus	–	–
	–	183

The number of the highest paid non-directors fell within the following emoluments band:

	2025 Number of individuals	2024 Number of individuals
Nil to HKD500,000	–	1
HKD500,001 to HKD1,000,000	–	–
	–	1

No five highest paid individuals received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

13. PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Broadcasting equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2024	10,559	7,301	4,789	9,984	-	32,633
Additions	5,970	564	175	20,000	11,000	37,709
At 31 December 2024 and 1 January 2025	16,529	7,865	4,964	29,984	11,000	70,342
Additions	-	627	48,468	7,595	-	56,690
Transfer	-	-	-	11,000	(11,000)	-
Written off	(6,656)	-	-	-	-	(6,656)
At 31 December 2025	9,873	8,492	53,432	48,579	-	120,376
ACCUMULATED DEPRECIATION						
At 1 January 2024	7,067	3,349	2,700	2,535	-	15,651
Depreciation	2,475	723	530	1,890	-	5,618
At 31 December 2024 and 1 January 2025	9,542	4,072	3,230	4,425	-	21,269
Depreciation	1,958	615	2,303	5,457	-	10,333
Written off	(6,200)	-	-	-	-	(6,200)
At 31 December 2025	5,300	4,687	5,533	9,882	-	25,402
NET BOOK VALUE						
At 31 December 2025	4,573	3,805	47,899	38,697	-	94,974
At 31 December 2024	6,987	3,793	1,734	25,559	11,000	49,073

At 31 December 2025 and 2024, no plant and equipment was pledged.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

14. RIGHT-OF-USE ASSETS

	Leased properties RMB'000
At 1 January 2024	3,383
Addition	3,504
Depreciation charge	(798)
At 31 December 2024 and 1 January 2025	6,089
Depreciation charge	(1,811)
At 31 December 2025	4,278

15. INTANGIBLE ASSETS

	Mobile application RMB'000
Cost	
At 1 January 2024, 31 December 2024 and 1 January 2025	5,874
Addition	33
At 31 December 2025	5,907
Accumulated amortisation	
At 1 January 2024	3,420
Amortisation	1,216
At 31 December 2024 and 1 January 2025	4,636
Amortisation	807
At 31 December 2025	5,443
Net Book Value	
At 31 December 2025	464
At 31 December 2024	1,238

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

16. LEASE LIABILITIES

	Leased properties RMB'000
At 1 January 2024	7,777
Addition	3,504
Accretion of interest recognised during the year	342
Lease payments	(1,783)
At 31 December 2024 and 1 January 2025	9,840
Addition	–
Accretion of interest recognised during the year	395
Lease payments	(2,795)
At 31 December 2025	7,440

Future lease payments are due as follows:

	As at 31 December 2025		
	Future lease payments RMB'000	Interest RMB'000	Present value RMB'000
Not later than one year	2,795	283	2,512
Later than one year and not later than two years	2,483	165	2,318
Later than two years and not later than five years	2,709	99	2,610
	7,987	547	7,440
	As at 31 December 2024		
	Future lease payments RMB'000	Interest RMB'000	Present value RMB'000
Not later than one year	2,795	395	2,400
Later than one year and not later than two years	2,795	283	2,512
Later than two years and not later than five years	5,192	264	4,928
	10,782	942	9,840

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

16. LEASE LIABILITIES (Continued)

	2025 RMB'000	2024 RMB'000
Current liabilities	2,512	2,400
Non-current liabilities	4,928	7,440
	7,440	9,840

The leases comprise only fixed lease payments over the lease term. Extension and/or termination options are included in a number of leases across the Group. These are included to provide the operational flexibility to align its need. Because the Group is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

17. AMOUNT DUE TO A SHAREHOLDER

The amount is unsecured, non-interest bearing and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

18. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	408,064	217,717
Less: allowance for impairment loss on trade receivables	(23,808)	(14,481)
	384,256	203,236

As at 31 December 2025 and 2024, the trade receivables was denominated in RMB, and the fair value of trade receivables approximated its carrying amounts.

As at 31 December 2025 and 2024, the ageing analysis of the trade receivables based on due date were as follows:

	2025 RMB'000	2024 RMB'000
Not past due	383,851	200,152
Within 90 days	380	2,519
91-180 days	25	496
181-365 days	-	69
	384,256	203,236

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

18. TRADE RECEIVABLES (Continued)

As at 31 December 2025 and 2024, the ageing analysis of the trade receivables based on invoice date were as follows:

	2025 RMB'000	2024 RMB'000
Within 90 days	383,851	200,152
91–180 days	380	2,519
181–365 days	25	565
	384,256	203,236

Further details on the Group's credit policy and credit risk analysis on trade receivables are set out in note 33(b).

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Other receivables	41,671	126,348
Deposits paid on behalf of customers	–	500
Deposits to supplier	500	–
Less: allowance for impairment loss on deposits and other receivables	(167)	(1,831)
	42,004	125,017
Prepayments for intangible assets	–	626
Other prepayments	1,848	33,744
	43,852	159,387
Less: prepayments classified under non-current assets	(1,603)	(626)
Amount classified under current assets	42,249	158,761

Further details on the Group's credit policy and credit risk analysis on deposits and other receivables are set out in note 33(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

20. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSIT

As at 31 December 2025, restricted bank deposit of RMB5,000,000 (2024: Nil) was related to certain commercial arrangements made during the year.

	2025 RMB'000	2024 RMB'000
Cash and bank balances	125,277	100,398
Less: restricted deposit	(5,000)	–
Cash and cash equivalents as stated in the consolidated statement of financial position and consolidated statement of cash flows	120,277	100,398

Cash and cash equivalents consist of cash on hand and balance with banks. RMB is not freely convertible to other currencies as such amounts were held by the subsidiaries located in the PRC. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies only through banks that are authorised to conduct foreign exchange business.

Cash and cash equivalents that are denominated in currencies other than the functional currencies of the respective group entities are set out below:

	2025 RMB'000	2024 RMB'000
Hong Kong dollars ("HKD")	60	9,210
United States dollars ("USD")	69	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

21. SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interest			Principal activities and place of operation
			Group's effective interest	Held by the Company	Held by the Subsidiary	
Huashi International Group Limited (華視國際集團有限公司) ("Huashi International") (Note c)	24 February 2021, British Virgin Island	US dollars ("USD") 1 (2024: USD 1)	100%	100%	-	Investment holding
Huashi Group Limited (華視傳媒集團有限公司) ("Huashi HK") (Note d)	16 March 2021, Hong Kong	HK dollars ("HKD") 50,000 (2024: HKD50,000)	100%	-	100%	Investment holding
Huashi Zhongguang Brand Management (Hubei) Co., Ltd. (華視中廣品牌管理(湖北)有限公司) ("Huashi Brand Management") (Note c, e)	7 April 2021, PRC	RMB85,000,000 (2024: RMB85,000,000)	100%	-	100%	Investment holding
Huashi Zhongguang International Media (Wuhan) Company Limited (華視中廣國際傳媒(武漢)有限責任公司) ("Huashi Media") (Note d)	23 February 2011, PRC	RMB100,000,000 (2024: RMB100,000,000)	100%	-	100%	Provision of branding, advertising and marketing service in PRC
Dabieshan Cultural Industry Development (Macheng) Co., Ltd. (大別山文化產業發展(麻城)有限公司) ("Dabieshan Culture") (Note d)	7 April 2017, PRC	RMB5,000,000 (2024: RMB5,000,000)	100%	-	100%	Provision of branding, advertising and marketing service in PRC
Huashi Chuangxiang Culture Media (Hubei) Co., Ltd. (華視創享文化傳媒(湖北)有限公司) ("Huashi Chuangxiang") (Note d)	26 December 2012, PRC	RMB5,000,000 (2024: RMB5,000,000)	100%	-	100%	Provision of branding, advertising and marketing service in PRC
Wuhan Huayan Tiancheng Technology Co., Ltd (武漢華顏天成科技有限公司) (Note d)	7 December 2023	RMB20,000,000 (2024: RMB20,000,000)	100%	-	100%	Provision of branding, advertising and marketing service in PRC

Notes:

- (a) The English names of all subsidiaries established in the PRC are translated for identification purpose only.
- (b) All companies comprising the Group have adopted 31 December as their financial year end date.
- (c) The entity is established in the PRC in the form of wholly foreign-owned enterprise.
- (d) The entities are established in the PRC in the form of domestic limited liability company.
- (e) The entity is established in the PRC in the form of domestic limited liability company. Pursuant to the Group Reorganisation, the entity became a sino-foreign owned enterprise on 25 March 2021.
- (f) There is no change in the proportion of ownership interest held by the Group in 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

22. TRADE PAYABLES

As at 31 December 2025 and 2024, the ageing analysis of the trade payables based on services received were as follows:

	2025 RMB'000	2024 RMB'000
Within 30 days	48,938	20,485
31–60 days	8,342	3,127
61–90 days	–	2,703
Over 90 days	–	3,266
	57,280	29,581

23. ACCRUALS AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Accruals and other payables	4,975	3,455
Deposits due to customers	–	1,345
Other tax payables	1,082	2,148
Salaries payables	6,289	5,287
	12,346	12,235

24. BORROWINGS

	2025 RMB'000	2024 RMB'000
Bank loans – guaranteed (<i>Note i</i>)	132,510	107,920

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

24. BORROWINGS (Continued)

	2025 RMB'000	2024 RMB'000
Carrying amounts repayable (based on the scheduled repayment dates set out in loan agreements):		
– Within 1 year	112,560	93,920
– More than 1 year, but not exceeding 2 years	19,950	14,000
	132,510	107,920
Less: Portion due on demand or within one year under current liabilities	(112,560)	(93,920)
Portion due over one year under non-current liabilities	19,950	14,000

Notes:

- (i) As at 31 December 2025 and 2024, all the bank borrowings were guaranteed by a controlling shareholder of the Group and subsidiaries of the Group.
- (ii) The weighted-average effective interest rate of the borrowings was 3.3% and 4.5% per annum as at 31 December 2025 and 2024 respectively.
- (iii) As at 31 December 2025 and 2024, banking facilities of the Group totalling RMB137.5 million and RMB120.0 million respectively. They were utilised to the extent of RMB132.5 million and RMB107.9 million respectively.
- (iv) None of the bank loans of the Group as at 31 December 2025 and 2024 are subject to covenants or repayment on demand clause.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

25. DEFERRED TAX

Details of the deferred tax assets and liabilities recognised and movements during the year ended 31 December 2025 and 2024 are as follows:

Deferred tax assets

	Lease liabilities RMB'000	Impairment loss on financial assets RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2024	1,167	2,513	69	3,749
(Charged)/Credited to profit or loss for the year	630	(66)	128	692
At 31 December 2024 and 1 January 2025	1,797	2,447	197	4,441
(Charged)/Credited to profit or loss for the year	(472)	2,906	(76)	2,358
At 31 December 2025	1,325	5,353	121	6,799

Deferred tax liabilities

	Right-of-use assets RMB'000	Withholding tax of undistributed profits RMB'000	Total RMB'000
At 1 January 2024	507	7,217	7,724
Charged to profit or loss for the year	738	-	738
At 31 December 2024 and 1 January 2025	1,245	7,217	8,462
Credited to profit or loss for the year	(388)	-	(388)
Others	3	-	3
At 31 December 2025	860	7,217	8,077

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

25. DEFERRED TAX (Continued)

Deferred tax liabilities (Continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2025 and 2024, the Group had unused tax losses of approximately RMB880,000 and RMB880,000 respectively, available to offset against future profit. No deferred tax asset has been recognised in respect of those tax losses as it is not probable that taxable profit will be available against which the unused tax losses can be utilised.

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	6,799	3,231
Deferred tax liabilities	(8,077)	(7,252)
	(1,278)	(4,021)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings (note 24) RMB'000	Lease liabilities (note 16) RMB'000	Amount due to a shareholder (note 17) RMB'000
At 1 January 2024	118,940	7,777	–
Changes from financing cash flows:			
Proceeds from borrowings	97,000	–	–
Repayment of borrowings	(108,020)	–	–
Payment of loan interests	(4,741)	–	–
Lease payments	–	(1,783)	–
	(15,761)	(1,783)	–
Other changes:			
Interest expenses	4,741	342	–
Increase in lease liabilities from entering into new leases during the year	–	3,504	–
At 31 December 2024 and 1 January 2025	107,920	9,840	–
Changes from financing cash flows:			
Proceeds from borrowings	155,000	–	–
Repayment of borrowings	(130,410)	–	–
Payment of loan interests	(3,830)	–	–
Lease payments	–	(2,796)	–
Advance from a shareholder	–	–	993
	20,760	(2,796)	993
Other changes:			
Interest expenses	3,830	396	–
At 31 December 2025	132,510	7,440	993

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. SHARE CAPITAL AND RESERVES

(a) Share capital

	Number	Amount US\$'000	Amount RMB'000
Authorised			
Ordinary shares of US\$0.05 each			
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	1,000,000,000	50,000	358,855
Issued and fully paid			
Ordinary shares of US\$0.05 each			
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	770,650,000	38,533	276,515

(b) Reserves

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statement of changes in equity on page 140 of this report.

The Company

	Capital reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2024	(171,730)	(16,645)	(188,375)
Loss for the year	–	(3,340)	(3,340)
Balance at 31 December 2024 and 1 January 2025	(171,730)	(19,985)	(191,715)
Loss for the year	–	(3,153)	(3,153)
Balance at 31 December 2025	(171,730)	(23,138)	(194,868)

Capital reserves represented the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries upon completion of the Reorganisation; and the excess of the proceeds received over the nominal value of shares of the Company issued, less expense incurred in connection with the issue.

Statutory reserves represented the amount transferred from net profit for the year of the subsidiaries established in the People's Republic of China ("PRC") (based on the subsidiaries' PRC statutory financial statements) in accordance with the relevant PRC laws until the statutory reserves reach 50% of the registered capital of the subsidiaries. The statutory reserves cannot be reduced except either in setting off the accumulated losses or increasing capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

28. RELATED PARTIES TRANSACTIONS

The key management personnel are the Directors and the five highest paid individuals of the Company. The details of the emoluments paid to them are set out in note 12.

Except as disclosed above and note 17, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company 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 financial year.

29. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that the 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 directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new shares issue and share buy-back as well as the issue of new debts or redemption of existing debt, if necessary.

The Group monitors capital using the debt/asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratios as at 31 December 2025 and 2024 were as follows:

	2025 RMB'000	2024 RMB'000
Total assets	659,900	522,652
Total liabilities	245,300	179,408
Debt/asset ratio	37.2%	34.3%

30. CAPITAL COMMITMENTS

As at 31 December 2025 and 2024, capital commitments not provided for in the consolidated financial statements were as follows:

	2025 RMB'000	2024 RMB'000
Capital expenditure of the Group contracted for but not provided in respect of:		
– acquisition of equipment	–	4,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Note</i>	2025 RMB'000	2024 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment in a subsidiary		—*	—*
Amount due from a subsidiary		86,587	86,728
		86,587	86,728
Current assets			
Cash and cash equivalents		8	1,690
Other receivables		147	—
		155	1,690
Current liabilities			
Accruals and other payables		1,567	1,162
Amount due to a subsidiary		2,535	2,456
Amount due to a shareholder		993	—
		5,095	3,618
Net current liabilities		(4,940)	(1,928)
Net assets		81,647	84,800
EQUITY			
Capital and reserves			
Share capital	27	276,515	276,515
Reserves	27	(194,868)	(191,715)
Total equity		81,647	84,800

* The amount is less than RMB1,000

On behalf of the board of directors

Chen Jicheng
Director

Xue Yuchun
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

32. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount of financial assets and liabilities:

	2025 RMB'000	2024 RMB'000
Financial assets		
<i>Financial assets at amortised cost</i>		
Trade and deposits and other receivables	426,260	328,253
Cash and cash equivalents	120,277	100,398
Restricted bank deposit	5,000	–
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Trade payables	57,280	29,581
Accruals and other payables, excluding other tax and salaries payables	4,975	4,800
Borrowings	132,510	107,920
Lease liabilities	7,440	9,840

33. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks which result from the use of financial instruments in its ordinary course of operations. The financial risks include interest rate risk, credit risk, liquidity risk and currency risk.

Details of these financial instruments are disclosed in the notes below. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The directors meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks in timely and effective manner. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below.

(a) Interest rate risk

The Group's fair value interest-rate risk mainly arises from borrowings and lease liabilities as disclosed in note 24 and note 16. Borrowings and lease liabilities were issued at fixed rates which expose the Group to fair value interest-rate risk. The Group has no cash flow interest-rate risk as there are no borrowings which bear floating interest rates. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

The interest rates and terms of repayment of the Group's borrowings and lease liabilities are disclosed in note 24 and note 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The Group is exposed to credit risk in relation to its contract assets, trade receivables, deposits and other receivables and cash deposits at banks. The carrying amounts of these assets represent the Group's maximum exposure to credit risk.

Cash deposits with banks are normally placed at financial institutions that have sound credit rating and the Group considers the credit risk to be insignificant. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In order to minimise the credit risk, the Group adopts prudent credit control procedures, regularly monitor settlement of trade and deposits and other receivables and other monitoring procedures to ensure that follow-up action are taken to recover overdue debts. The credit period granted to customers and other debtors are generally determined with reference to, among others, the financial position, credit record, duration of business relationship and where applicable, the types of services the Group provide. Credit and payment terms may vary for different customers, debtors and projects.

As at 31 December 2025 and 2024, the Group had certain concentrations of credit risk as 7.2% and 16.8%, of the Group's trade receivables were due from the Group's largest customer respectively, and 19.8% and 46.0%, of the Group's trade receivables were due from the Group's five largest customers respectively. In order to minimise the credit risk, the Group continuously monitor the level of exposure by frequent review of credit quality of customers to ensure that prompt actions will be taken to lower the exposure.

As at 31 December 2025 and 2024, the Group applies the simplified approach to provide for expected losses on contract assets and trade receivables as prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision. The Group applies the general approach to provide for expected credit losses on other financial assets as prescribed by HKFRS 9, which was measured either as 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

(i) Trade receivables

As at 31 December 2025 and 2024, the loss allowance provision for trade receivables and rebates from Media Partner was determined as follows. The expected credit losses below also incorporated forward looking information.

Trade receivables

	Not past due	Within 90 days	91 to 180 days	181 to 365 days	Over 1 year	Total
At 31 December 2025						
Expected loss rate	5.79%	5.79%	-	-	-	
Gross carrying amount (RMB'000)	407,553	403	-	-	-	407,956
Loss allowance provision (RMB'000)	23,702	23	-	-	-	23,725
At 31 December 2024						
Expected loss rate	6.09%	6.09%	-	-	100.0%	
Gross carrying amount (RMB'000)	213,132	2,682	-	-	72	215,886
Loss allowance provision (RMB'000)	12,980	163	-	-	72	13,215

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

(i) Trade receivables (Continued)

Rebates from Media Partner

	Not past due	Within 90 days	91 to 180 days	181 to 365 days	Over 1 year	Total
At 31 December 2025						
Expected loss rate	-	-	49.8%	100%	100%	
Gross carrying amount (RMB'000)	-	-	49	29	30	108
Loss allowance provision (RMB'000)	-	-	24	29	30	83
At 31 December 2024						
Expected loss rate	-	-	56.2%	90.1%	-	
Gross carrying amount (RMB'000)	-	-	1,131	700	-	1,831
Loss allowance provision (RMB'000)	-	-	635	631	-	1,266

Expected loss rate are based on actual loss experience over the past 3 years. These rates are adjusted to reflected differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

(ii) Deposit and other receivables

As at 31 December 2025 and 2024, the loss allowance provision for deposits and other receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

	2025	2024
Expected loss rate	0.4%	1.4%
Gross carrying amount (RMB'000)	42,171	126,848
Loss allowance provision (RMB'000)	167	1,831

As at 31 December 2024, included in deposits and other receivables amounting to approximately RMB122.0 million represented receivables from suppliers due to cancellation of contracts which are not yet past due and subsequently received in full after the end of the reporting period. There is no such balance as at 31 December 2025.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the differences between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

(iii) Other financial assets at amortised cost

Cash and cash equivalents is subjected to the impairment requirements of HKFRS 9. The identified impairment loss was immaterial since they are placed at financial institutions with good credit rating.

The following tables show reconciliation of loss allowances that has been recognised for contract assets applying simplified approach.

	Lifetime expected credit losses RMB'000	Total RMB'000
At 1 January 2024	67	67
Reversal of provision during the year	(67)	(67)
At 31 December 2024, 1 January 2025 and 31 December 2025	–	–

The following table shows the movement in lifetime expected credit losses that has been recognised for trade receivables applying simplified approach.

	Lifetime expected credit losses RMB'000	Total RMB'000
At 1 January 2024	16,115	16,115
Impairment losses recognised, net	(1,634)	(1,634)
At 31 December 2024 and 1 January 2025	14,481	14,481
Provision during the year	9,327	9,327
At 31 December 2025	23,808	23,808

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

(iii) Other financial assets at amortised cost (Continued)

The following tables shows reconciliation of loss allowances that has been recognised for deposits and other receivables.

	Stage 1 12-month expected credit losses RMB'000	Stage 2 Lifetime expected credit losses – not credit impaired RMB'000	Stage 3 Lifetime expected credit losses – credit- impaired RMB'000	Total RMB'000
At 1 January 2024	495	–	–	495
– Impairment losses recognised, net	1,336	–	–	1,336
At 31 December 2024 and 1 January 2025	1,831	–	–	1,831
– Impairment losses reversed, net	(1,664)	–	–	(1,664)
At 31 December 2025	167	–	–	167

As at 31 December 2025 and 2024, the total net carrying amount of trade receivables, deposits and other receivables was RMB426,260,000 and RMB328,253,000 respectively, which represented the maximum exposure to credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities as well as regularly monitors compliance with lending covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has 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. To the extent that interest flows are floating rate, the undiscounted amount is derived from current interest rate at the end of each reporting period.

	Carrying amount RMB'000	Total contractual undiscounted cash flows RMB'000	Within one year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
As at 31 December 2025						
Trade payables	57,280	57,280	57,280	-	-	-
Accruals and other payables	4,975	4,975	4,975	-	-	-
Borrowings	132,510	137,526	117,022	20,504	-	-
Lease liabilities	7,440	7,987	2,795	2,483	2,709	-
	202,205	207,768	182,072	22,987	2,709	-
As at 31 December 2024						
Trade payables	29,581	29,581	29,581	-	-	-
Accruals and other payables	4,800	4,800	4,800	-	-	-
Borrowings	107,920	110,221	95,457	14,764	-	-
Lease liabilities	9,840	10,782	2,795	2,795	5,192	-
	152,141	155,384	132,633	17,559	5,192	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (Continued)

(d) Currency risk

The Group's businesses are principally conducted in RMB, except that receipts of proceeds from listing on the Main Board of the Stock Exchange and accrued listing expense are in other currency. As at 31 December 2025, major non-RMB assets are cash and cash equivalents of RMB60,000 (2024: RMB 9,210,000) and RMB69,000 (2024: RMB Nil) denominated in HKD and USD respectively. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations.

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% increase/decrease in RMB against the relevant currencies, the effect of increase/(decrease) in the profit for the year is as follows:

	2025 RMB'000	2024 RMB'000
5% increase in RMB against HKD	3	461
5% decrease in RMB against HKD	(3)	(461)
5% increase in RMB against USD	3	–
5% decrease in RMB against USD	(3)	–

34. FAIR VALUE MEASUREMENT

Financial instruments not measured at fair value

Financial instruments not measured at fair value mainly include deposits and bank balances, trade receivables, deposits and other receivables, trade payables, accruals and other payables and borrowings.

Due to their short term nature, the carrying values of these financial instruments approximate fair values. The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2025 and 2024.

35. EVENTS AFTER THE END OF REPORTING PERIOD

The Group has no significant events took place after reporting period that needs to be disclosed.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2025 were approved and authorised for issue by the Board of Directors on 27 March 2026.

DEFINITIONS

“advertiser(s)”	a person, a company or an organisation that advertises their brands, products and services
“AI”	artificial intelligence
“AGM”	the annual general meeting of the Company to be held at 10 a.m. on Friday, 26 June 2026 or any adjournment thereof
“Articles” or “Articles of Association”	the articles of association of our Company (as amended, supplemented or otherwise modified from time to time)
“Auditor” or “auditor”	BDO Limited, the auditor of the Company
“Audit Committee”	the audit committee of the Board
“Board”	our board of Directors
“Chairman”	Mr. Chen Jicheng (陳繼承先生), our chairman of the Board
“Chief Executive Officer”	has the meaning ascribed to it under the Listing Rules
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Act”	the Companies Act (as revised) of the Cayman Islands (Law 3 of 1961, Chapter 22) (as consolidated and amended from time to time)
“Company” or “our Company”	Huashi Group Holdings Limited (华视集团控股有限公司)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules, and refer to Mr. Chen Jicheng and JiaYi Culture
“Corporate Governance Code”	the provisions set out under “Corporate Governance Code” in Appendix C1 to the Listing Rules
“CTR”	CTR Market Research CO. Ltd. (央視市場研究股份有限公司), a market research and media analysis company based in the PRC
“Dabieshan Culture”	Dabieshan Culture Industry Development (Macheng) Co., Ltd. (大別山文化產業發展(麻城)有限公司), a company established in the PRC with limited liability on 7 April 2017 and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Deed of Non-competition”	the deed of non-competition executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries)
“Director(s)”	the director(s) of the Company
“FY2024”	for the year ended 31 December 2024
“FY2025”	for the year ended 31 December 2025
“Global Offering”	the Hong Kong Public Offer and the International Placing as defined and set out in the Prospectus
“Group” or “we”	our Company and all of our subsidiaries
“HKFRSs”	Hong Kong Financial Reporting Standards, as issued by the HKICPA
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Huashi Chuangxiang”	Huashi Chuangxiang Culture Media (Hubei) Co., Ltd. (華視創享文化傳媒(湖北)有限公司), a company established in the PRC with limited liability on 26 December 2012 and an indirect wholly-owned subsidiary of our Company
“Huashi Media”	Huashi Zhongguang International Media (Wuhan) Co., Ltd. (華視中廣國際傳媒(武漢)有限責任公司), a company established in the PRC with limited liability on 23 February 2011 and an indirect wholly-owned subsidiary of our Company
“Huayan Tiancheng”	Wuhan Huayan Tiancheng Technology Co., Ltd. (武漢華顏天成科技有限公司), a company established on 7 December 2023 in the PRC with limited liability, and an indirect wholly-owned subsidiary of our Company
“Independent Third Parties”	persons or companies and their respective ultimate beneficial owners, who/ which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, are independent of our Company and our connected persons
“Listing”	the listing of the Shares on the Stock Exchange
“Listing Date”	the date (i.e. 10 November 2023) on which the shares of the Company were listed and dealings in the Shares first commenced on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Low-altitude Economy”	A new integrated economic form centered on low-altitude flight activities
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company (as amended, supplemented or otherwise modified from time to time)
“Nomination Committee”	the nomination committee of the Board
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 31 October 2023
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	for the year ended 31 December 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of US\$0.05 each in the share capital of our Company
“Share Option Scheme”	the share option scheme adopted by the Company on 9 October 2023
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)” or “substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“USD” or “US\$”	United States dollars, the lawful currency of the United States
“Wuyuan Fujie”	Beijing Wuyuan Fujie International Advertising Co., Ltd. (北京無遠弗屆國際廣告有限公司), a company established in the PRC with limited liability on 5 February 2018 and an indirect wholly-owned subsidiary of our Company
“%”	per cent.