

CHINA FRONTIER TECHNOLOGY GROUP 中國前沿科技集團

Stock Code:1661

(Incorporated in the Cayman Islands with limited liability)

2025 ANNUAL REPORT



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Corporate Information

EXECUTIVE DIRECTORS

Ms. Ren Song (*Chairlady*)
Ms. Zhang Panpan
Ms. Zhang Yingzhao (appointed on 23 January 2026)
Ms. Ren Wen (also known as Ms. Ren Guozun)
(*Co-chairlady*) (resigned on 29 July 2025)
Mr. Sheng Jie (*Vice Chairman*) (resigned on 29 July 2025)
Mr. Wong Man Keung (*Co-chairman*) (resigned on
19 September 2025)
Ms. Wang Jie (resigned on 19 September 2025)
Mr. Chang Hai Song (resigned on 13 January 2026)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Gao Wenjuan
Ms. Leung Hiu Man
Ms. Peng Xiaoliu
Mr. Wu Mingcong (resigned on 13 January 2026)

AUDIT COMMITTEE

Ms. Leung Hiu Man (*Chairlady*)
Ms. Gao Wenjuan
Ms. Peng Xiaoliu (appointed on 23 January 2026)
Mr. Wu Mingcong (resigned on 13 January 2026)

REMUNERATION COMMITTEE

Ms. Ren Song (*Chairlady*) (appointed on
19 September 2025)
Ms. Gao Wenjuan
Ms. Leung Hiu Man
Mr. Wong Man Keung (*Chairman*) (resigned on
19 September 2025)

NOMINATION COMMITTEE

Ms. Ren Song (*Chairlady*) (appointed on
19 September 2025)
Ms. Gao Wenjuan
Ms. Leung Hiu Man
Mr. Wong Man Keung (*Chairman*) (resigned on
19 September 2025)

COMPANY SECRETARY

Mr. Wong Ka Sing

AUTHORISED REPRESENTATIVES

Ms. Ren Song (appointed on 19 September 2025)
Mr. Wong Ka Sing
Mr. Wong Man Keung (resigned on 19 September 2025)

COMPANY'S REGISTERED OFFICE

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P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

COMPANY'S HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Sheung Wan, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN PRC

No. 020, Room 303,
3rd Floor, Block 10
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Chaoyang District Beijing, PRC

AUDITOR

Prism Hong Kong Limited
Registered Public Interest Entity Auditor
Units 1903A-1905, 19/F
8 Observatory Road
Tsim Sha Tsui
Kowloon
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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183 Queen's Road East, Wanchai
Hong Kong

WEBSITE

<http://1661.hk>

STOCK CODE

1661

Chairlady's Statement

Dear Shareholders,

In 2025, China Frontier Technology Group (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) continued to develop on the basis of its existing operations, while gradually expanding into new areas in response to evolving market conditions. Events operation and marketing remained the foundation, with a continued focus on golf events and other commercial events. This segment continues to form a core part of the business, and the Group will continue to develop and expand its presence in this area by actively sourcing different events, with a view to enhancing returns for shareholders of the Company.

In the first half of 2025, the Group successfully held the HKU Technology Enterprises Golf Team Invitational Tournament* (港大科企高爾夫球隊暨張增繼一桿進洞邀請賽) and the 2nd Hong Kong Artificial Intelligence and Frontier Technology Forum* (第二屆香港人工智能與前沿科技論壇), further enhancing the Group's brand value and reputation. These events reflect the Group's ongoing efforts to leverage its events platform to facilitate interaction among industry participants.

In 2025, Trading business have also continued to be developed as part of the Group's business. As market demand for functional materials in application areas including consumer electronics, automobiles and other intelligent devices continued to grow, the Group also explored trading opportunities in functional materials and aim at building a trading platform for emerging industries featured by high growth potential and high technical barriers, to identify trading opportunities in the most market-potential high-value-added materials fields.

The Group trades functional materials with specific performance characteristics used across a wide range of end-use applications. To develop this segment, it sources materials from suppliers and supplies them to customers and distribution channels, thereby participating in multiple stages of the value chain.

Over the past year, the Group has been building a supply chain system for high-value specialty materials, with the functional materials trading business serving as the core platform. In 2025, the Group officially launched this business and appointed an experienced professional team to focus on sourcing, distribution, and supply chain management. The business prioritises engagement across multiple value-chain stages, aiming to deliver high-performance, cost-effective specialty material solutions for industries such as smartphones, laptops, automobiles, high-speed rail battery systems, display modules, humanoid robots, and other AI-enabled smart devices – providing new momentum for the Group's diversified development.

For expansion, the Group focuses on functional materials trading to build a global supply chain platform for high-value specialty materials. The Group continues to explore high-potential material projects by aligning market demand with efficient supply chain execution. Core products include EMI shielding, thermal, re-workable, and buffering composite materials formed by integrating polymer coatings with tailored functionalities – such as adhesion, conductivity, heat dissipation, electromagnetic shielding, insulation, and water resistance – onto substrate carriers (including PET film, PI film, copper foil, and conductive fabrics) through precision coating processes. These products are widely used in smartphones and other AI-enabled smart devices.

Chairlady's Statement

Looking ahead, the Group will further deepen its functional materials trading industrial layout and pursue other development opportunities. Building on its existing product base, it will expand product varieties to better meet the needs for specialty materials in high-growth end markets. By integrating high-quality global supply chain resources and optimising distribution channel synergies, the Group aims to provide critical materials support to intelligent device manufacturers and enable the industry's shift toward higher efficiency and intelligence.

The Group will further deepen its functional materials trading business by leveraging strategic supply-chain synergies, strengthening cooperation across upstream and downstream industries, and building an open supply chain services platform. It believes staying at the market frontier and embracing transformation are key to success and will continue implementing diversified initiatives under its “market-oriented and creating value together” philosophy.

Going forward, the Group plans to build on its existing events operations while actively scaling functional materials trading to diversify income, enhance business resilience, and improve returns for shareholders.

Thank you for your continued trust and support. The future is here – let us join hands to explore the vast ocean of diversified development and write a new chapter for China Frontier Technology Group.

Yours sincerely,

Ren Song

Chairlady

30 March 2026

Management Discussion and Analysis

GROUP OVERVIEW

In 2025, China Frontier Technology Group (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) continued to develop on the basis of its existing operations, while gradually expanding into new areas in response to evolving market conditions. Events operation and marketing remained the foundation, with a continued focus on golf events and other commercial events. This segment continues to form a core part of the business, and the Group will continue to develop and expand its presence in this area by actively sourcing different events, with a view to enhancing returns for shareholders of the Company.

During the year 2025, the Group was involved in the organisation and promotion of various events, including golf tournaments and business forums. Illustrative examples include the “港大科企高爾夫球隊暨張增繼一桿進洞邀請賽”^{**} (HKUST Technology Enterprises Golf Team Invitational Tournament (Zhang Zengji Hole-in-One Invitational)) and the “第二屆香港人工智能與前沿科技論壇”^{*} (The 2nd Hong Kong Artificial Intelligence and Frontier Technology Forum), which brought together participants from different sectors, including academic, industry and investment communities, and provided platforms for business exchange and collaboration. These events reflect the Group’s ongoing efforts to leverage its events platform to facilitate interaction among industry participants.

Building on this foundation, the scope of activities has also extended to include business-oriented forums, particularly in areas related to artificial intelligence and frontier technology. These initiatives have further strengthened the Group’s ability to identify market trends and potential business opportunities through engagement with industry participants.

Trading business have also continued to be developed as part of the Group’s business. During the year, the Group explored trading opportunities in functional materials, taking into account market demand for products used in applications including consumer electronics, automobiles and other intelligent devices.

The Group trades functional materials with specific properties that are used across a range of end use applications. To develop this segment, the Group has sourced these materials from suppliers and supplied them to customers and distribution channels, thereby participating in multiple stages of the value chain.

The functional materials are composite materials formed by integrating polymer coatings with specific functionalities, such as adhesion, conductivity, heat dissipation, electromagnetic shielding, insulation, water resistance, onto various substrate carriers, such as PET film, PI film, copper foil, conductive fabrics, through precision coating processes. The core products are electromagnetic interference (EMI) shielding materials, thermal materials, re-workable materials and buffering materials, which are widely adopted materials in smartphones, laptops, automobiles, high-speed rail batteries, display modules, humanoid robots and other AI-enabled smart devices. This initiative represents an initial step toward expanding the Group’s trading operations and diversifying its business activities.

Looking ahead, the Group will continue to build on its events operations as a foundation while actively developing its functional materials trading business. By diversifying its operations, the Group expects to generate more sustainable income, strengthen the overall resilience of the business, and improve returns for the Company’s shareholders.

OUTLOOK OF THE INDUSTRY AND THE GROUP

The Group trades functional materials products designed with specific properties for targeted applications across a wide range of end uses. By sourcing these materials from different suppliers and distributing them through both direct sales and established distribution channels, the Group is positioning itself within multiple points of the materials value chain. These activities not only create new revenue streams but also deepen the Group’s technical and commercial understanding of high value specialty inputs, laying the groundwork for stronger supplier and customer relationships.

Management Discussion and Analysis

This initial expansion into trading represents a strategic move to diversify the Group's business model beyond its core events operations. Entering the functional materials market allows the Group to leverage existing commercial capabilities such as logistics, client management, and contract negotiation while developing new competencies in product specification, quality assurance, and regulatory compliance. Over time, the Group can scale this arm by broadening product offerings, refining target markets, and integrating value added services such as technical support, custom formulation, or inventory management for customers.

Looking forward, the Group intends to maintain events operations as its foundational business while actively growing the functional materials trading segment. This dual focus strategy aims to reduce reliance on any single revenue source and create more consistent, sustainable income streams across economic cycles. By strengthening the overall resilience of the business and enhancing long term profitability, the Group anticipates delivering improved returns and greater value to the Company's shareholders.

FINANCIAL REVIEW

During the Reporting Period, the Group had three business divisions which represented two reportable operating segments, namely:

- (a) the Events Operation and Marketing segment, which mainly provides marketing services in conjunction with sports-related competitions especially golf events and business forums. Its revenue includes mainly corporate sponsorship income; and
- (b) the Trading business segment, which mainly involves the trading of functional materials.

Revenue

The Group's revenue increased by approximately 186.3% to RMB223.49 million for the year ended 31 December 2025 from RMB78.07 million for the year ended 31 December 2024. The increase was mainly due to the increase in the income generated from events operation and marketing income. Details based on reportable segments are as follows:

- Revenue of the Events Operation and Marketing segment increased by approximately 670.0% to RMB211.44 million for the year ended 31 December 2025 from RMB27.46 million for the year ended 31 December 2024. This increase was mainly due to a greater number of golf events and business forums hosted during the year ended 31 December 2025;
- Revenue of trading business segment decreased by approximately 76.2% to RMB12.05 million for the year ended 31 December 2025 from RMB50.60 million for the year ended 31 December 2024. The decrease was due to the Company's shift in focus to trading functional materials in December 2025.

Management Discussion and Analysis

Cost of Services

The Group's cost of services increased by approximately 195.8% to RMB200.96 million for the year ended 31 December 2025 from RMB67.93 million for the year ended 31 December 2024. The increase was mainly due to the increase in cost of events operation and marketing. Details based on reportable segments are as follows:

- Cost of the Events Operation and Marketing segment increased by approximately 826.0% to RMB189.28 million for the year ended 31 December 2025 from RMB20.44 million for the year ended 31 December 2024. This increase was mainly due to a greater number of golf events and business forums hosted during the year ended 31 December 2025; and
- Cost of the trading business segment decreased by approximately 74.6% to RMB11.68 million for the year ended 31 December 2025 from RMB46.07 million for the year ended 31 December 2024.

Gross Profit Margin

As a result of the aforementioned factors, the Group recorded a gross profit of RMB22.53 million for the year ended 31 December 2025 as compared to a gross profit of RMB10.14 million recorded for the year ended 31 December 2024. The Group recognised a gross profit margin of 10% for the year ended 31 December 2025 as compared to a gross profit margin of 13% for the year ended 31 December 2024. Details based on reportable segments are as follows:

- As a result of the foregoing changes in revenue and cost of services of the Events Operation and Marketing segment, the Group recorded a gross profit for the Events Operation and Marketing segment of RMB22.15 million for the year ended 31 December 2025 as compared to a gross profit of RMB7.02 million recorded for the year ended 31 December 2024. The Group recognised a gross profit margin of 10.5% for the year ended 31 December 2025 as compared to a gross profit margin of 25.6% for the year ended 31 December 2024. The decrease in gross margin resulted from intensified competition in the event operation and marketing business; and
- As a result of the foregoing changes in revenue and cost of services of the trading business segment, the gross profit of the Group decreased by approximately 91.9% to RMB0.37 million for the year ended 31 December 2025 from RMB4.54 million for the year ended 31 December 2024, and the gross profit margin decreased to approximately 3.1% for the year ended 31 December 2025 from approximately 9.0% for the year ended 31 December 2024. The decrease was due to the Company's shift in focus to trading functional materials in December 2025, which have a lower gross profit margin compared with other products.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by approximately 99.3% to RMB0.03 million for the year ended 31 December 2025 from RMB4.32 million for the year ended 31 December 2024. The decrease was mainly due to the decrease in the business expenses incurred by the Group in the operation of the events.

General and Administrative Expenses

The Group's general and administrative expenses decreased by approximately 75.6% to RMB8.46 million for the year ended 31 December 2025 from RMB34.67 million for the year ended 31 December 2024. The decrease was mainly due to the decrease in labour costs and professional expenses in the Group's general and administrative expenses.

Management Discussion and Analysis

Other Income

The Group's other income decreased by approximately 97.8% to RMB0.09 million for the year ended 31 December 2025 from RMB4.04 million for the year ended 31 December 2024. The decrease was mainly due to the decrease in income from short-term bank wealth management products and fixed income interest during the year.

Other Gain or Loss

The Group's other gain or loss decreased by approximately 159.9% to a net loss of RMB1.85 million for the year ended 31 December 2025 from the net gain of RMB3.09 million for the year ended 31 December 2024. The loss in other gain or loss was mainly due to the exchange loss of approximately RMB1,391,000 during the year (2024: exchange gain of approximately RMB572,000). Also, no fair value changes on financial assets at fair value through profit or loss was recognised during the year (2024: fair value changes on financial assets at fair value through profit or loss of approximately RMB894,000 profit was recognised).

Loss before Income Tax

As a result of the foregoing, the Group's loss before income tax decreased by approximately 35.84% to RMB29.23 million for the year ended 31 December 2025 from RMB45.56 million for the year ended 31 December 2024.

Income Tax Expense

The Group's income tax expense decreased by 50.1% to RMB3.52 million for the year ended 31 December 2025 from RMB7.05 million for the year ended 31 December 2024. The decrease was due to the decrease in the derecognition of deferred tax assets.

Loss Attributable to the Owners of the Company

As a result of the foregoing, the loss attributable to the owners of the Company decreased by approximately 37.7% to RMB32.74 million for the year ended 31 December 2025 from RMB52.58 million for the year ended 31 December 2024.

Cash Flow

As at 31 December 2025, the Group's cash and bank balances amounted to approximately RMB155.49 million as compared to that cash and bank balances of approximately RMB246.47 million as at 31 December 2024.

Working Capital

The Group's net current assets increased by approximately 2.0% to RMB265.15 million as at 31 December 2025 from RMB260.04 million as at 31 December 2024. The current asset value of the Group remained stable and the working capital was maintained at a relatively high level that can adequately meet the daily working capital requirements and finance the business development.

Capital Expenditure

The Group's total expenditure on the acquisition of property, plant and equipment and investment properties amounted to RMB0.05 million and nil respectively for the year ended 31 December 2025 (year ended 31 December 2024: RMB1 million and nil respectively).

Borrowings

The Company had borrowings of RMB5.00 million as at 31 December 2025 (year ended 31 December 2024: RMB6.64 million).

Management Discussion and Analysis

Foreign Exchange

The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL STRUCTURE OF THE GROUP

The reorganisation of the Group as set out in the prospectus of the Company dated 28 June 2013 (the “**Prospectus**”) was completed on 24 June 2013. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 11 July 2013. On 7 August 2013, the Company issued an additional 9,045,000 ordinary shares at the offer price of HK\$2.11 each to the public upon the partial exercise of the over-allotment option. The options to subscribe for a total of 2,500,000 shares of the Company were granted on 29 May 2015 to employees of the Group. As at the date of this report, no option has been exercised.

The number of issued ordinary shares of the Company (the “**Shares**”) as at 31 December 2025 was 190,294,200 Shares (31 December 2024: 190,294,200 Shares). The authorised share capital of the Company as at 31 December 2025 was US\$1,000,000 divided into 400,000,000 Shares with par value of US\$0.0025 each (31 December 2024: US\$1,000,000 divided into 400,000,000 Shares with par value of US\$0.0025 each).

The Subscription

On 6 March 2024, 310,000,000 shares (the “**Subscription Shares**”) were allotted and issued by the Company to ND Medical Technology Limited (the “**Subscriber**”), an independent third party, under the general mandate at a subscription price of HK\$0.139 per Subscription Share. The net proceeds from the Subscription were approximately HK\$43 million, representing a net price of approximately HK\$0.139 per Subscription Share. These proceeds are intended for the development of sports events, the provision of sports services, and working capital for the Group. As of the date of this report, the Company has fully utilized approximately HK\$43 million, representing 100% of the net proceeds from the Subscription for the aforementioned purposes.

Details of the Subscription and the Subscriber were set out in the Company’s announcements dated 6 March 2024, 7 March 2024, and 15 March 2024.

Share Consolidation and Increase in Authorised Share Capital

On 23 December 2024, every ten (10) Existing Shares in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share. The Existing Shares of the Company will be consolidated from 1,902,942,000 Existing Shares in issue which are fully paid or credited as fully paid to 190,294,200 Consolidated Shares in issue which are fully paid or credited as fully paid.

Management Discussion and Analysis

The authorised share capital of the Company be increased from US\$1,000,000 divided into 400,000,000 ordinary shares with a par value of US\$0.0025 each to US\$5,000,000 divided into 2,000,000,000 ordinary shares with a par value of US\$0.0025 each by the creation of an additional 1,600,000,000 Shares.

Details of the Share Consolidation and Increase in Authorised Share Capital were set out in the Company's announcements dated 15 November 2024, 5 December 2024, and 23 December 2024.

There was no alteration in the capital structure of the Group for the year ended 31 December 2025.

TREASURY POLICIES

The Company continues to adopt a prudent financial management approach towards its treasury policy. The Board will closely monitor the liquidity position to ensure that the liquidity structure of the Company's assets, liabilities and other commitments to meet the funding requirements from time to time.

CHARGE ON ASSETS

As at 31 December 2025, there was no charge on the Group's assets (2024: Nil).

CONTINGENT LIABILITIES

As at 31 December 2025, the Company had no material contingent liabilities (2024: Nil).

CONTINGENCIES

External Guarantees

The Group confirmed that, for the year ended 31 December 2025, the Group had not provided any external guarantees.

ASSETS WITH RESTRICTED OWNERSHIP

The Group confirmed that, for the year ended 31 December 2025, the Group had no assets with restricted ownership.

ADVANCE TO ENTITY PROVIDED BY THE COMPANY

The Company had not provided any advance to an entity which is subject to disclosure requirement under Rule 13.20 of the Listing Rules as at 31 December 2025.

Management Discussion and Analysis

PLEDGING OF SHARES BY CONTROLLING SHAREHOLDERS

As at 31 December 2025, the controlling shareholders had not pledged all or part of their interests in the shares of the Company to secure the Company's debts or to secure guarantees or other support of their obligations.

BREACH OF LOAN AGREEMENT

As at 31 December 2025, the Company had not breached any terms of its loan agreements for loans that are significant to its operations.

LOAN AGREEMENT WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE

During the year ended 31 December 2025, the Company had not entered into any loan agreement that includes a condition imposing specific performance obligations on any controlling shareholder and breach of such an obligation will cause a default in respect of loans that are significant to the Company's operations.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES BY THE COMPANY

During the year ended 31 December 2025, the Company had not provided any financial assistance and guarantees to affiliated companies of the Company which is subject to disclosure requirements under Rule 13.22 of the Listing Rules.

FINANCIAL RATIO

The table below sets forth selected financial ratios of the Group:

Financial Ratios	As at 31 December	
	2025	2024
Current ratio	468.69%	588.01%
Gearing Ratio	19.57%	14.57%

Notes:

- (1) Current ratio represents a ratio of current assets to current liabilities.
- (2) Gearing ratio is calculated as total liabilities divided by total assets.

SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND PLANS FOR SIGNIFICANT INVESTMENT OR ACQUISITION OF CAPITAL ASSETS IN THE FUTURE

Disposal of a Subsidiary

On 24 December 2025, the Company (acting through its wholly-owned subsidiary as the “Vendor”) entered into a sales and purchase agreement with Crestwell International Limited (the “Purchaser”), an independent third party, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the entire issued share capital of Torch Media Co., Ltd. (the “Target Company”), for a consideration of HK\$8 million. Concurrently, a prepayment with an aggregate book value of approximately RMB96,230,400 (equivalent to HK\$105,759,000) currently held by the Target Company and its subsidiaries shall be assigned to Shenzhen Qianke Innovation Intelligent (Shenzhen) Co., Ltd., a subsidiary of the Company. Upon completion, the Target Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the consolidated financial statements of the Group. The Group expects to recognise an estimated net loss of approximately RMB46.2 million from the Disposal. The net proceeds from the Disposal, after deducting related expenses, are approximately HK\$8 million, which are intended to be used as general working capital of the Group.

Please refer to the Company’s announcement dated 24 December 2025 for further details.

Save as disclosed in this report, the Company had no other significant investment, acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2025 and, as at the date of this report, has no specific plans for significant investment or acquisition of material capital assets in the future.

Prepayment

On 11 March 2025, a procurement contract for the acquisition of the equipment was entered into between Frontier Artificial Intelligence (Shenzhen) Co., Ltd.* (前沿人工智能(深圳)有限公司) (the “Equipment Purchaser”), a company established in the PRC and an indirect wholly-owned subsidiary of China Frontier Technology Group (the “Company”) principally engaged in live broadcasting and marathon timing services in the PRC, and Super Intelligent Technology Holdings (Shenzhen) Co., Ltd.* (超智科技控股(深圳)有限公司) (the “Equipment Vendor”), which is a company established in the PRC and is principally engaged in the provision of liquid cooling equipment and liquid cooling solutions in the PRC for the sale and purchase of 96 sets of liquid cooling equipment (the “Equipment”) for a consideration of RMB96,230,400 (the “Procurement Contract”). The Equipment is expected to be delivered to the Equipment Purchaser on 31 December 2025. It is considered that this batch of Equipments consists of complex technology and limited market availability. The Supplier requested full advance payment to secure sourcing capacity and prioritize scheduling. As advised by the Equipment Vendor and to the best knowledge of the Company, this practice is customary within the industry for procuring high-end technological equipment, aimed at ensuring priority supply and technical support. Therefore, a 100% up-front refundable payment (the “Advance Payment”) was made by the Equipment Purchaser in March 2025 pursuant to the terms of the Procurement Contract and as supplemented by the supplemental agreement.

Management Discussion and Analysis

As the Equipment is high-tech and customized, the Equipment Vendor requires additional time for sourcing, testing, and debugging leading to an extended delivery timeline. The Equipment Purchaser entered supplemental agreements with the Equipment Vendor to extend the delivery date to 31 December 2025 and documented the refund mechanism on 23 July 2025 and 13 August 2025 respectively. Also, in order to ensure the Advance Payment would be refunded to the Company in the event the Equipment Vendor fails to deliver the Equipments to the Company, the Company has strengthened its position by establishing well-defined refund mechanisms in the contract and retains the right to seek legal remedies for recovery. The Equipments were returned to the Equipment Vendor and the Procurement Contract was mutually agreed to be terminated because the Equipment Vendor delivered an insufficient quantity during the relevant period and the transaction was delayed for a long time, and the Company had received the Advance Payment as at the date of this report.

1. *Listing Rules implication*

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Advance Payment is more than 25% but are less than 100%, the Advance Payment constitutes a major transaction of the Company and is therefore subject to reporting, announcement and Shareholder's approval requirements under Chapter 14 of the Listing Rules.

As at 30 June 2024, the assets ratio for the Advance Payment had exceeded 8% based on the total assets of the Company as at 30 June 2024 and therefore the provision of the Advance Payment was subject to the announcement requirement under Rule 13.13 of the Listing Rules.

Reasons for the breach of the Listing Rules and remedial measures

Due to an inadvertent oversight of the Company, the Company was not aware the Advance Payment constituting as a major transaction as well as an advance to an entity. The Advance Payment had not been announced by the Company in a timely manner in accordance with the Listing Rules which constituted a breach of the relevant rules under Chapters 13 and 14 of the Listing Rules at the material time.

The Board has taken the following immediate actions to avoid the re-occurrence of similar incidents;

1. The Company will delegate the executive Director, Ms. Ren Song, and the company secretary of the Company (the "**Company Secretary**") to oversee and monitor the Company's disclosure requirements regarding various transactions. They will assist the Board in implementing the remedial actions discussed below.

Management Discussion and Analysis

2. The Company will appoint a legal adviser as an external consultant when conducting material transactions to ensure compliance with the Listing Rules.

To ensure the compliance of the Listing Rules and the avoidance of reoccurrence of similar incidents, the Company will gradually implement the below remedial actions during the fourth quarter of 2025.

- a. Each subsidiary of the Company will be required to submit a monthly contract summary (including unsigned and signed agreements, counterparties to the agreements and details of relevant transactions) to the finance department and the company secretary department of the Company. The finance department and the company secretary department of the Company are responsible for checking whether there is any connected transaction implication under Chapter 14A of the Listing Rules and calculating the size tests. The Company Secretary will prepare the relevant size test pursuant to the Chapter 14 of the Listing Rules. All the relevant documents will be reviewed and approved by the Board before the execution;
- b. If the Group is planning to conduct a transaction, the relevant agreement, announcement and other supporting documents will be reviewed by the finance department and the company secretary department of the Company. The transaction documents will be provided for the Board's final review and approval;
- c. An internal training session will be arranged for all the Directors and senior management/relevant personnel of the Company and its subsidiaries to explain the requirements under Chapters 13, 14 and 14A of the Listing Rules.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

On 23 April 2026, the Company (through its wholly-owned subsidiary (the “**Purchaser**”) entered into a sale and purchase agreement with Shenzhen Bochi Electronics Company Limited (深圳市博弛電子有限公司) (the “**Vendor**”), pursuant to which the Group has conditionally agreed to acquire 49% of the equity interest in Ningbo Qihe New Material Technology Company Limited* (寧波啟合新材料科技有限公司) (the “**Target Company**”) at a consideration of RMB19,600,000, (equivalent to approximately HK\$22,148,000), which is expected to be settled in cash upon completion (the “**Acquisition**”).

Upon completion, the Group will hold 49% of the equity interest in the target company, which will not become a subsidiary of the Company and its financial results will not be consolidated into the consolidated financial statements of the Group. The investment will be accounted for as an associate company of the Group. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition are more than 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements, but is exempt from the Shareholders' approval requirement under the Listing Rules.

The Group intends to fund the consideration by internal resources. The acquisition represents part of the Group's strategy to expand into the functional materials sector and diversify its revenue streams.

Please refer to the Company's announcement dated 23 April 2026 for further details.

Save as disclosed in this annual report, there is no occurrence of events that had a significant impact on the Group's operation, financial and trading prospects since the end of the Reporting Period and up to the date of this annual report which the Board is aware of.

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to the shareholders of the Company;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to formulate its business strategies and policies, and to enhance its transparency and accountability.

The Company has applied the principles/code provisions as set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 of the Listing Rules. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conducts and affairs of the Company.

The Board is of the view that throughout the year ended 31 December 2025, the Company has complied with the code provisions as set out in Part 2 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

During the year ended 31 December 2025, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. Specific enquiry has been made with all the Directors and each of the Directors has confirmed that he/she has complied with the Model Code throughout the year ended 31 December 2025.

The Company has also established written guidelines no less exacting than the Model Code (the “**Employees Written Guidelines**”) for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company throughout the year ended 31 December 2025.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsibility for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

The Board comprises the following Directors:

Executive Directors

Ms. Ren Song (*Chairlady, Chairlady of Remuneration Committee and Nomination Committee*)

Ms. Zhang Panpan

Ms. Zhang Yingzhao (appointed on 23 January 2026)

Ms. Ren Wen (also known as Ms. Ren Guozun) (*Co-chairlady*) (resigned on 29 July 2025)

Mr. Sheng Jie (*Vice Chairman*) (resigned on 29 July 2025)

Mr. Wong Man Keung (*Co-chairman*) (resigned on 19 September 2025)

Ms. Wang Jie (resigned on 19 September 2025)

Mr. Chang Hai Song (resigned on 13 January 2026)

Independent Non-executive Directors

Ms. Gao Wenjuan (*Member of the Audit Committee, the Remuneration Committee and the Nomination Committee*)

Ms. Leung Hiu Man (*Chairlady of the Audit Committee, Member of the Remuneration Committee and the Nomination Committee*)

Ms. Peng Xiaoli (*Member of the Audit Committee*)

Mr. Wu Mingcong (resigned on 13 January 2026)

Note: Pursuant to Rule 3.09D of the Listing Rules, Ms. Zhang Yingzhao has obtained legal advice as regards, among others, the requirements under the Listing Rules that are applicable to her as a director of a listed issuer. Ms. Zhang Yingzhao has confirmed respectively that she understood her obligations as a Director.

Corporate Governance Report

Throughout the year ended 31 December 2025, the Board held ten meetings. The attendance records of the Board meetings are set out under “Attendance Records of Directors and Committee Members” in this Corporate Governance Report.

The biographical information of the Directors are set out in the section headed “Directors, Senior Management and Employees” on pages 91 to 92 of this annual report. None of the members of the Board is related to one another.

Independent Non-executive Directors

During the year ended 31 December 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing not less than one-third of the Board with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence. To the best knowledge of each of the Directors after making specific enquiry with each of the independent non-executive Directors, each of the independent non-executive Directors has no cross-directorships or significant links with any of the other Directors. The Company is of the view that all independent non-executive Directors are independent.

Directors’ Re-election

Code provision B.2.2 of the CG Code stipulates that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. In accordance with the Company’s Articles of Association, all Directors are subject to retirement by rotation and re-election at an annual general meeting at least once every three years.

For details of the service contracts and appointment contracts of the Directors, please refer to the subsection headed “Directors’ Service Contracts” in the Directors’ Report of this annual report.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group’s businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board makes decisions objectively in the interests of the Company.

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

The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company’s expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

Corporate Governance Report

The Board reserves for its decision of all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management committee (經營管理委員會).

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

The Directors keep abreast of responsibilities as a Director and of the conduct, business activities and development of the Company.

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

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2025, the Directors have participated in continuous professional development by attending seminars, in-house briefings or reading materials on the following topics to develop and refresh their knowledge and skills:

Directors	Topics of training covered
<i>Executive Directors</i>	
Ms. Ren Song	CRI
Ms. Zhang Panpan	CRFI
Ms. Zhang Yingzhao	CRFI
<i>Independent Non-executive Directors</i>	
Ms. Gao Wenjuan	FR
Ms. Leung Hiu Man	FR
Ms. Peng Xiaoliu	C

Keys:

- C: Corporate governance
- R: Regulatory updates
- F: Finance and accounting
- I: Industry updates

In addition, relevant reading materials including directors' manual, legal and regulatory update and seminar handouts have been provided to the Directors for their reference and studying.

Corporate Governance Report

Remuneration of Directors and Senior Management

The remuneration of Directors and the members of the senior management for the year ended 31 December 2025 is set out below:

Remuneration band	Number of persons
Nil to HKD1,000,000	11

Particulars regarding the remuneration of the Directors, senior management and the five highest paid individuals as required to be disclosed pursuant to the Listing Rules are set out in Notes 17(a) and 16(a) to the consolidated financial statements of this annual report.

BOARD COMMITTEES

The Board has established three committees, namely, the audit committee (the “**Audit Committee**”), the remuneration committee (the “**Remuneration Committee**”) and the nomination committee (the “**Nomination Committee**”), for overseeing particular aspects of the Company’s affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are published on the Company’s website and the Stock Exchange’s website and are available to shareholders of the Company upon request.

Audit Committee

The Company established the Audit Committee on 14 June 2013 with its terms of reference amended on 31 March 2016 and 20 December 2018 in light of amendments to the Listing Rules.

The Audit Committee currently comprises three members, namely Ms. Leung Hiu Man (Chairlady), Ms. Gao Wenjuan and Ms. Peng Xiaoliu, all of whom are independent non-executive Directors (including one independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company’s existing external auditor.

The primary duties of the Audit Committee are to assist the Board to provide an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, to oversee the audit process and the engagement of the external auditor, to review arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control and risk management or other matters of the Company and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee held three meetings during the year ended 31 December 2025, to review annual financial results and report in respect of the year ended 31 December 2024 and interim financial results and report in respect of the six months ended 30 June 2025 and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, internal audit function, scope of work and appointment of external auditor, connected transactions and arrangements for employees to raise concerns about possible improprieties. The external auditor was invited to attend the meetings. The attendance records of the Audit Committee are set out under “Attendance Records of Directors and Committee Members”.

During the year ended 31 December 2025, the Audit Committee also met the external auditor twice. The Audit Committee also met the external auditor and the internal control department once without the presence of the executive Directors.

Corporate Governance Report

Remuneration Committee

The Company established the Remuneration Committee on 14 June 2013 with written terms of reference amended on 30 December 2023 in light of amendments to the Listing Rules. The establishment of the Remuneration Committee is in compliance with code provision E.1.2 of the CG Code.

The Remuneration Committee currently comprises three members, namely Ms. Ren Song (chairlady), an executive Director, Ms. Gao Wenjuan and Ms. Leung Hiu Man, both an independent non-executive Director.

The primary duties of the Remuneration Committee include assessing performance of executive Directors and approving the terms of the respective service contracts, reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management, reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules and establishing formal and transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee held four meetings during the year ended 31 December 2025 to perform its primary duties mentioned above, to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and senior management and other related matters. The attendance records of the Remuneration Committee are set out under “Attendance Records of Directors and Committee Members”.

Nomination Committee

The Company established the Nomination Committee on 14 June 2013 with written terms of reference in compliance with code provision B.3.1 of the CG Code.

The Nomination Committee comprises three members, namely Ms. Ren Song (chairlady), an executive Director, Ms. Gao Wenjuan and Ms. Leung Hiu Man, independent non-executive Directors.

The primary duties of the Nomination Committee include, without limitation, reviewing the structure, size and composition of the Board, the Board Diversity Policy and Director Nomination Policy of the Company, assessing the independence of independent non-executive Directors and making recommendation to the Board on matters relating to the appointment of Directors.

The Nomination Committee held four meetings during the year ended 31 December 2025 to review the structure, size and composition of the Board, the independence of the independent non-executive Directors, to consider and recommend to the Board on the Directors standing for re-election at the annual general meeting and to make recommendation, if applicable, to the Board on the Board Diversity Policy and the Director Nomination Policy of the Company. The Nomination Committee also considered that an appropriate balance of diversity perspectives of the Board is maintained. The attendance records of the Nomination Committee are set out under “Attendance Records of Directors and Committee Members”.

Corporate Governance Report

Director Nomination Policy

The Company has adopted the Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level. The Nomination Committee would normally identify candidates for directorships from various channels, including but not limited to internal promotion, re-designation, referral by members of the management and external recruitment agents.

Upon receipt of the proposal on appointment of new Director and the biographical information of the candidate(s), the Nomination Committee would evaluate the candidate(s), taking into consideration of the factors as set out in the Director Nomination Policy, including but not limited to the following:

- Characters and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity aspects under the Board Diversity Policy;
- Independence requirements under the Listing Rules; and
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s).

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Board Diversity Policy

The Company firmly believes that the increasing diversity at the Board level is one of the essential elements in supporting the attainment of its strategic objectives and its sustainable development. Therefore, the Company has adopted a Board Diversity Policy on 28 March 2014 which has been revised on 20 December 2018 in light of the amendments to the Listing Rules which came into effect on 1 January 2019.

In this regard, the Company is committed to (i) attracting and retaining candidate(s) for the Board with a combination of competencies from the widest pool of available talent; (ii) maintaining a Board with diversity perspectives; (iii) assessing regularly the diversity profile of the Board; (iv) ensuring a diverse range of candidates can be considered for Board positions; and (v) ensuring that changes to the Board's composition can be managed without undue disruption.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth. 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.

Corporate Governance Report

In assessing the Board composition and nominating Directors, the Nomination Committee would take into account various aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would also discuss and agree on measurable objectives for achieving diversity in the Board, where necessary, and recommend them to the Board for adoption.

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

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this annual report:

Category	Unit: % (person)	
	Female	Male
Board	100% (6)	0% (0)
Senior Management	0% (0)	100% (1)
Other employees	100% (1)	0% (0)

The Board had targeted to achieve and had achieved at least six female Directors, and 100% of female employees of the Group and considers that the above current gender diversity is satisfactory.

The Nomination Committee will continue to identify suitable female candidate(s) to develop a pipeline of potential successors for appointment to the Board on merit against objective criteria in order to maintain gender diversity in the Board.

At present, the Nomination Committee considered that the Board and the overall gender ratio of the workforce of the Company is sufficiently diverse, and the Board has not adopted any measurable objective.

Board Independence Evaluation

The Company has established its Board Independence Evaluation Mechanism on 30 August 2023 which sets out the processes and procedures to ensure a strong independent element on the Board as well as allows the Board effectively exercises independent judgment to better safeguard shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximize strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Corporate Governance Report

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. A board independence evaluation report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 31 December 2025, all Directors has completed the independence evaluation in the form of a questionnaire individually and supplemented by individual interviews. A board independence evaluation report was presented to the Board and the evaluation results were satisfactory.

During the year ended 31 December 2025, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

Corporate Governance Functions

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

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

ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

The attendance records of each Director at Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2025 are set out in the table below:

Name of Director	Attendance/Number of Meetings				
	Board	Nomination Committee	Remuneration Committee	Audit Committee	General Meeting
Ren Wen	1/4	N/A	N/A	N/A	0/2
Wong Man Keung	5/7	4/4	4/4	N/A	2/2
Ren Song	10/10	N/A	N/A	N/A	2/2
Sheng Jie	1/4	N/A	N/A	N/A	0/2
Chang Hai Song	8/10	N/A	N/A	N/A	1/2
Wang Jie	6/7	N/A	N/A	N/A	2/2
Zhang Panpan	8/10	N/A	N/A	N/A	2/2
Zhang Yingzhao	N/A	N/A	N/A	N/A	N/A
Gao Wenjuan	10/10	N/A	N/A	3/3	2/2
Leung Hiu Man	10/10	N/A	N/A	3/3	2/2
Wu Mingcong	10/10	N/A	N/A	3/3	2/2
Peng Xiaoliu	10/10	N/A	N/A	N/A	2/2

RISK MANAGEMENT AND INTERNAL CONTROLS

1. Responsibility

The Board acknowledges that it is its responsibility to evaluate and determine the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensure that the Company establishes and maintains appropriate and effective risk management and internal control systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

2. Control Structure of Risk Management and Internal Control

The Board is responsible for evaluating and determining annual significant risks and overseeing the effectiveness of the risk management, ensuring maintenance of appropriate and effective risk management and internal control systems, and making conclusions about effectiveness of risk management and internal control systems after considering the work and review result of the Audit Committee annually.

The Audit Committee is responsible for assisting the Board to evaluate and oversee the extent of the risks the Group takes, the design and implementation of risk management and internal control systems; and reporting to the Board after properly reviewing the effectiveness of annual risk management and internal control systems of the Group. The Company reviews its risk management and internal control systems once annually to review the performance of the systems during the financial year.

The management is entrusted by the Board with duties to properly design, implement and monitor the risk management and internal control systems, and provide a confirmation to the Board on the effectiveness of these systems.

The internal control department of the Company is delegated with the internal audit responsibility. It is assigned with the task to organize and coordinate the risk identification and evaluation procedure and prepare risk evaluation report. The notice of risk identification is submitted and the action plans to regulate such risk is reported to the Audit Committee.

The internal control department of the Company is responsible for assisting the Audit Committee to review the effectiveness of risk management and internal control systems of the Group and taking the advantages of internal audit procedure to evaluate the adequacy and effectiveness of the systems independently.

The operating and functional departments of the Company are assigned with the task to identify, evaluate, and respond to risks associated with any activity, function or process within its scope of responsibility and authority and executing risk management procedure and internal control measures.

Corporate Governance Report

3. Risk Management

3.1 Risk Management Objective

The corporate risk management is to achieve the following objectives through building rational organization system and management mode, identifying significant risks that the Company faces, responding and monitoring significant risks.

- Identify, evaluate, analyse, respond to and monitor all existing and future significant risks (including environmental, social and governance risks), and maintain the risks within the acceptable levels of risk that the management can take;
- Build sustainable and effective monitoring and reporting mechanism for all significant risks (including environmental, social and governance risks);
- Provide rational assurance for the Company to follow requirements of relative laws and regulations of external supervision agencies, and for all departments to follow the Company's relative internal rules and regulations; and
- Provide rational assurance for execution of major measures aiming to achieve corporate objective.

3.2 Main Process of Risk Management

The risk management mainly includes risk identification, risk evaluation, risk management measures and risk control and report.

Risk identification: all operating and functional departments should identify potential internal and external risks during their operation at least annually. Effects on the goals and significant issues or risk events in corporate operation in previous years are mainly referred when identifying risk. The risks that have been identified shall be summarized to finally form a risk pool according to risk category.

Risk evaluation: all operating and functional departments shall evaluate the possibility of occurrence and influence degree of risks according to risks evaluation criteria. Risks shall be identified and ranked through the bottom-up and top-down process of risk identification and assessment, and then reported to the appropriate management, the Audit Committee and the Board. The final significant risks list is determined after full communication and discussion.

Risk management measures: departments with risk responsibilities shall properly employ risk avoidance, reduction, sharing, taking or other methods to formulate risk response scheme for significant risks by considering risk tolerance of the Group, which prompts the Group to allocate resources rationally to cope with the risks or perfect countermeasures, so that the overall level of risk of the Group can be reduced to acceptable extent.

Risk control and report: the early-warning index of risks, internal audit, regular risk summary report and other forms are comprehensively used to monitor, and report risks in the Group.

Corporate Governance Report

3.3 Significant Risks

The Group has conducted the process of risk identification and assessment according to the corporate risk management framework in 2025. Such significant risks of the Group and their nature and extent of change, their respective key strategies/control measures are set out below:

Risk Category	Risk Subcategory	Risk Matters (Key Risk Points)	Department Responsible for Risk	Risk Counter Measures	Risk Change Trend
Strategic risk	Business risk	<p>Market competition</p> <p>During the novel coronavirus (COVID-19) pandemic, the event operating companies could not carry out business normally, which had a significant impact on operating cash flow and market pattern. After the pandemic, all companies were under pressure to survive and hoped to quickly gain market share, thus forming a low-price competition pattern in the industry, and the market competition became fierce.</p>	Operation and Management Committee	On the basis of continuing to maintain close communication with event organizing committees and local governments, the Company actively strived to obtain the expected profitable event opportunities, and further expanded other types of events, including overseas events, so as to create a differentiated marketing model for products and regions with the existing market and proactively face the competitive market.	Increase
Operational risk	New business development	<p>New business development</p> <p>In terms of new business development, it is necessary to conduct preliminary research, tentatively try to enter new business areas, equip corresponding professionals and meet other needs. Although sufficient research will be conducted in the early stage, entry into new fields will unavoidably require appropriate timing and incur corresponding costs. New business cultivation also requires a time cycle, which may impact the Company's financial position in the short term.</p>	Operation and Management Committee	The Company is cautious in the process of selecting new business directions, tries to avoid large-scale initial investment, tries to make steady progress on the basis of sufficient market research, tries to reduce the capital cost of initial investment as much as possible, which will be increased steadily.	Equal
Operational risk	Human resources risk	<p>Human resources</p> <p>With the development of new business, the Company will introduce professionals matching the business, especially for business development and expansion outside China, which requires professionals who are familiar with local policies and resources, and successfully introducing the required talents will increase the cost of human resources and cross-border management.</p>	Operation and Management Committee	The Company will go through a strict selection process when introducing personnel, and obtain high-quality talents through the recommendation of local partners, and at the same time, the Company will also set clear job responsibilities and indicators for the introduced personnel, and conduct careful evaluation in order to achieve business development goals.	Increase

Corporate Governance Report

4. Internal Control

4.1 Objectives of Internal Control

The Board confirms its responsibility of overseeing the effectiveness of the Company's internal control system, while robust and effective internal control is achieved through a management structure with specific authorization and responsibility of internal control, which aims to:

- Properly ensure the legal compliance of business operation and management, assets security, and truthfulness and integrity of financial reports and related information;
- Improve operation efficiency and effectiveness; and
- Facilitate the enterprise to achieve development strategies.

4.2 Internal Control Framework

Based on the Committee of Sponsoring Organizations of the Treadway Commission Integrated Framework, the Group designed its internal control system by combining the business management characteristics of the Group, and specially sets up the internal control department which is responsible for the work of internal control. For the year ended 31 December 2025, the Group has carried out risk-oriented internal control evaluation on financial reporting process, fund management process, business and revenue process, cost and payment process, and asset management process, and followed up the correction of detected problems on a regular basis. The management and the Audit Committee have reviewed the internal control evaluation report and have evaluated the effectiveness of the Group's risk management and internal control systems. The review covered all material controls, including financial, operational and compliance controls.

As of 31 December 2025, the Board believes that the Group has implemented closed-loop management mechanism of internal control from planning, reviewing, reporting to follow-up. The systems of risk management and internal control were effective and adequate, and relevant procedures for financial reporting and Listing Rules compliance is effective. There were no findings of significant matters that might affect the Group's financial, operation and compliance controls as well as risk management.

In the course of the review, the Board ensured the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

4.3 Inside Information

The Group acknowledges and strictly abides by the requirements of currently effective laws, regulations and guidelines in dealing with relevant affairs, including the responsibility concerning inside information disclosure in the Securities and Futures Ordinance (the "SFO"), the Listing Rules, and the Guidelines on Disclosure of Inside Information promulgated by the Securities and Futures Commission. The Group has established the procedures and internal controls for the handling and dissemination of inside information, and has passed on the implementation of continuous disclosure policy to all relevant personnel and provided relevant training.

The Board considers that the Company's procedures and internal controls for the handling and dissemination of inside information are effective.

Corporate Governance Report

4.4 Whistleblowing Policy

The Company has in place the Whistleblowing Policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

4.5 Anti-corruption Policy

The Company has in place the Anti-corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company and stakeholders to report any suspected corruption and bribery.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 96 to 98 of this annual report.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditor.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid to the external auditor of the Company, Prism Hong Kong Limited, in respect of audit related services and non-audit related services for the year ended 31 December 2025 is set out below:

Service Category	Fees Paid/ Payable '000
Audit related services	HKD750

Corporate Governance Report

COMPANY SECRETARY

Mr. Wong Ka Sing has been appointed by the board as the company secretary of the Company with effect from 31 July 2024.

In compliance with Rule 3.29 of the Listing Rules, Mr. Wong Ka Sing received more than 15 hours of relevant professional trainings during the year ended 31 December 2025.

SHAREHOLDERS' RIGHTS

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

Convening and Putting Forward Proposals at Extraordinary General Meeting by Shareholders

Pursuant to Article 58 of the Articles of Association of the Company, any one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself/herself (themselves) may convene a physical extraordinary general meeting, 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.

Shareholders of the Company should follow the requirements and procedure as set out above for putting forward proposals at extraordinary general meetings of the Company.

Putting Forward Enquiries to the Board

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

Contact Details

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

Address: Room B, 23/F Yardley Commercial Building 3 Connaught Road West Sheung Wan, Hong Kong
(Attention: The Investor Relations Department)
Fax: +8610-84865300
Email: ir@wisdomsports.com.cn

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

Shareholders of the Company may call the Company at (+86)10-84865360 for any assistance.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company has in place a Shareholders Communication Policy. The policy aims to (i) allow shareholders and investors to obtain comprehensive, equal and easily comprehensible information of the Company; (ii) allow shareholders to exercise their rights under informed situations; and (iii) enhance communication between shareholders, investors and the Company.

Information is communicated to the shareholders and investors mainly through the Company's interim reports, annual reports, annual general meetings and other general meetings that may be convened, as well as by making available the disclosures submitted to the Stock Exchange for publication and corporate communications and other corporate publications on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.wisdomsports.com.cn.

The Company has established the following channels for maintaining an on-going dialogue with its shareholders and investors to communicate their views on various matters affecting the Company, as well as to solicit and understand the views of shareholders and investors:

1. Methods for shareholders to send enquiries to the Company and the Company's share registrar regarding the Company and their shareholdings respectively
2. Corporate communication (e.g. annual report, interim report, circular, proxy form, etc.)
 - interim and annual results are announced as early as possible to keep shareholders informed of the Group's performances and operations
 - Pursuant to Rule 2.07A of the Listing Rules and the Articles of Association, the Company will disseminate the corporate communications of the Company to its shareholders electronically and only send Corporate Communications in printed form to the shareholders upon request. Details of the arrangements (i) for dissemination of Corporate Communications and (ii) for requesting printed copy of Corporate Communications are published under the section "Investor Relations" in the Company's website (www.wisdomsports.com.cn).
3. Corporate website
 - updated key information of the Group is available on the Company's website to enable shareholders and investors to have timely access to the information about the Group
4. Shareholders' general meetings
 - a forum for shareholders to raise comments and exchange views with the Board
 - the Directors, senior management and external auditor of the Company are available at the general meetings of the Company to address shareholders' queries
5. Regular events for shareholders and investors
 - the Company organizes/participates in briefings, roadshows, media interviews and promotion activities to enhance communication with the shareholders and investors

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

The Board has reviewed the implementation and effectiveness of the Shareholders Communication Policy and the results were satisfactory.

Corporate Governance Report

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The co-chairlady and co-chairman of the Board, as well as chairmen of the Nomination Committee, the Remuneration Committee and Audit Committee (or their delegates) will make themselves available at the annual general meetings to meet shareholders and answer their enquiries. The 2026 Annual General Meeting of the Company (“**AGM**”) will be held on Tuesday, 30 June 2026 and the notice of AGM will be sent to shareholders of the Company at least 21 clear days before the AGM.

DIVIDEND POLICY

The Company has adopted a policy on declaration and payment of dividends (the “**Dividend Policy**”) in accordance with code provision F.1.1 of the CG Code. Pursuant to the Dividend Policy, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. In addition, the Board will also take into account the financial results, cash flow situation, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, interest of its shareholders, restrictions on payment of dividends and any other factors that the Board may consider relevant when considering the declaration and payment of dividends.

The Company may declare and pay dividends by way of cash or scrip or such other means that the Board considers appropriate.

The Company currently does not have any pre-determined dividend payout ratio.

ARTICLES OF ASSOCIATION

Pursuant to a special resolution of the shareholders of the Company passed on 28 June 2023, the Company has adopted the amended and restated Articles of Association. During the year ended 31 December 2025 and up to the date to this report, there had been no change in the Company’s Articles of Association. An up-to-date version of the Company’s Articles of Association is available on the Company’s website and the Stock Exchange’s website.

Environmental, Social and Governance Report

OVERVIEW

About the Group

China Frontier Technology Group (the “**Group**”, “**we**” or “**us**”) is the first comprehensive sports industry group listed on the Hong Kong market in China. With the operation experience and advantages in the road running industry, it has formed a sports brand for event operation and sports under the guidance of “Sports+” strategy. The whole industry chain operation mode of marketing, event broadcast and sports service has initially completed the industrial upgrading from the event operation to healthy consumption, providing high-quality sports products and services for Chinese sports enthusiasts.

Scope and Reporting Period

This is the Environmental, Social and Governance report (“**Report**”) by the Group, highlighting its Environmental, Social and Governance (“**ESG**”) performance, with disclosures prepared in accordance with the ESG Reporting Code (the “**Code**”) set out in Appendix C2 to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited.

The Group mainly involves businesses in events operation and marketing, as well as sports services. This Report covers the Group’s overall performance in business operations in Shenzhen and Hong Kong Offices, which contributed the Group’s total annual revenue from 1 January 2025 to 31 December 2025 (the “**Reporting Period**”), unless otherwise stated.

The Group’s Mission and Strategies

The Group is committed to providing environmentally friendly and diverse products and services to global sports enthusiasts, actively expanding the mass consumption market in sports and wellness, and continuously investing in the research and development of products and market research. Driven by the craze for green sports and nationwide fitness, we focused on developing domestic and international operations of high-end events such as golf by fully leveraging our successful experience in operating offline sports events over the years. Through diversified sports events, innovative product offering and high-level sports services, we are committed to giving back to sports enthusiasts and consolidating our leading position in the sports industry.

In addition, the rapid global technological development has set off a wave of technological and industrial revolution. The Group closely monitors the development trend of cutting-edge technologies such as artificial intelligence (AI), and plans to establish new business centred on technology asset management services to build an investment platform for the emerging technologies featured by global coverage, high technology and large capital. We focus on investment and acquisitions in the high-tech fields and explore application services for AI-empowered industries (such as AI+ industries) to create more possibilities.

Adhering to the strategy of “technology empowering transaction-based acquisitions”, the Group adopts a global perspective to identify and invest in listed companies with core assets. Our core goals are not only to pursue capital appreciation, but also to use our professional capabilities and technological strength in terms of AI to empower acquired companies and promote their long-term, stable and high-quality growth.

Environmental, Social and Governance Report

Reporting Basis and Principles

In preparing this ESG report, the Group adopted the reporting principles in the Code as follows:

- “Materiality” Principle:
The Group determines material ESG issues by stakeholder engagement and materiality assessment. Details are explained in the section headed “Materiality Assessment”.
- “Quantitative” Principle:
Information is presented with quantitative measures, whenever feasible, including information on the standards, methodologies, assumptions used and provision of comparative data.
- “Balance” Principle:
The Group presents the positive and negative impacts of its operations in a transparent manner.
- “Consistency” Principle:
The Report is the ESG Report of the Group. The Report will use consistent methodologies for meaningful comparisons in the following years unless improvements in methodology are identified. The Report has complied with all “comply or explain” provisions and reported on selected recommended disclosures outlined in the ESG Reporting Code.

The information contained herein is sourced from internal documents and statistics of the Group, as well as the combined control, management and operations information provided by the subsidiaries in accordance with the Group’s internal management systems.

Review and Approval

The board (the “**Board**”) of directors (the “**Directors**”) of the Company acknowledges its responsibility for ensuring the integrity of the ESG Report and to the best of their knowledge, this Report addresses all relevant material issues and fairly presents the ESG performance of the Group. The Board confirms that it has reviewed and approved the Report.

Stakeholders’ Feedback

The Group welcomes stakeholders’ feedback on its ESG approach and performance. Please give your suggestions or share your views with us by phone at (+86) 10-84865300 or email at ir@1661.hk.

Environmental, Social and Governance Report

Board Statement

The Group strives to make sustainable development our foremost priority in achieving long-term goals. We aim to integrate climate-related matters along with environmental, social, and governance (ESG) factors into our strategic business planning. The Board plays a critical leadership role, assuming full responsibility for overseeing, directly managing, and monitoring the Group's progress on environmental, social, and governance issues.

The Board of the Group has overseen different departments on their enhancement of mutual co-operation, to ensure that performance on sustainability development is consistent and stakeholders' expectations can be met. We work together to realise our sustainability development goals as a team.

We have set clear short-term and long-term sustainable development vision and goals to achieve ongoing emission reduction progress according to governmental requirements of different countries and regions. Relevant emission reduction targets and corresponding strategies are established and sustainable development factors have been incorporated into our strategic planning, business model and other decision-making processes. The Board regularly monitors and reviews the effectiveness of management, including reviewing the Group's ESG performance and adjusting corresponding action plans. Effective implementation of ESG related policies relies on the collaboration of different departments.

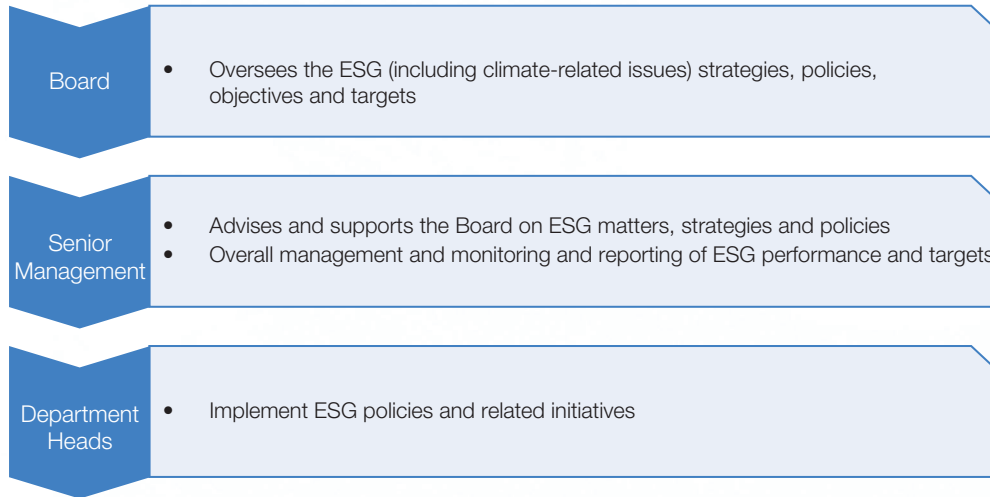
The Group strives to ensure the establishment of appropriate and effective risk management and internal control systems to supervise the identification and assessment of ESG and climate-related risks and opportunities, and to respond to the challenges and impacts of different times.

We strive to create a better environment. Looking ahead, the Board will continue to review and monitor the environmental, social and corporate governance performance of the Group.

Environmental, Social and Governance Report

Governance Structure

The Board supports the Group's commitment to fulfilling its environmental and social responsibility and has overall responsibility for the Group's ESG strategy and reporting.



The Board regularly reviews the Group's ESG (including climate-related issues) performance and examines and approves the Group's annual ESG Report.

Environmental, Social and Governance Report

Stakeholder Engagement

The Group values input and feedback of its stakeholders as they bring potential impacts to the Group's business. Internal and external stakeholders have been involved in regular engagement activities to share views regarding the Group's operations and performances. The Group has specifically engaged the Board members, senior management, frontline staff, governmental organisations, suppliers, business partners and event participants to gain further insights on ESG material aspects and challenges during the Reporting Period.

The Group communicates with different stakeholders through various channels, as shown below.

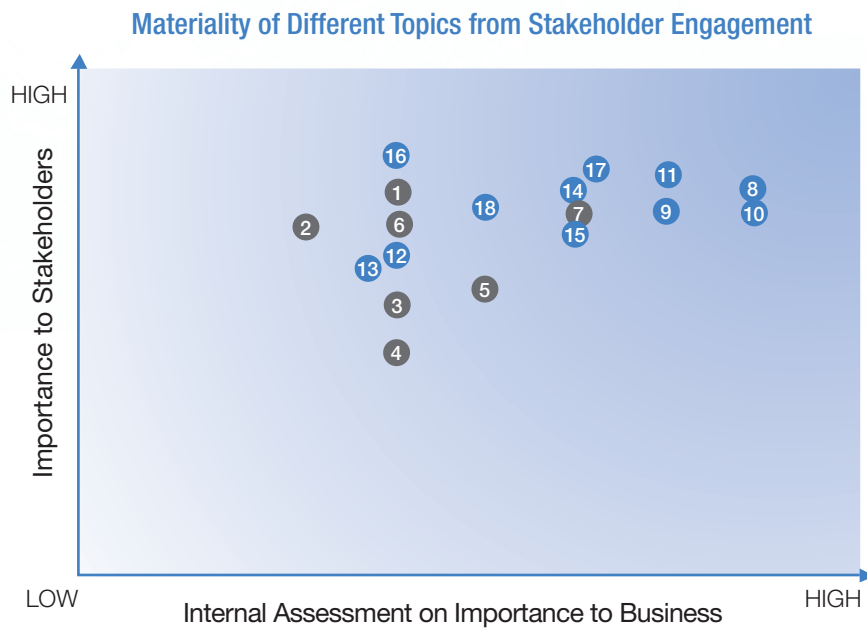
Stakeholder	Communication Channel
Government and regulatory agency	<ul style="list-style-type: none">• Annual reports, interim reports, ESG reports and other public information• Supervision and inspection
Shareholder and investor	<ul style="list-style-type: none">• Annual general meetings and other general meetings of shareholders• Company website• Press releases/announcements• Annual reports, interim reports, ESG reports and other public information
Employee	<ul style="list-style-type: none">• Training• Meetings• Performance evaluation• Survey• Staff engagement and voluntary activities• Internal portal
Customer	<ul style="list-style-type: none">• Fax, email and telephone• Meetings
Supplier/Subcontractor/ Business Partner	<ul style="list-style-type: none">• Meetings• Site visit• Survey• Training
Community and NGOs	<ul style="list-style-type: none">• CSR programmes and voluntary activities• Sponsorship and donation• ESG Reports
Media	<ul style="list-style-type: none">• Enquiry mailbox

Environmental, Social and Governance Report

Materiality Assessment

The Group collects opinions from a wide range of internal and external stakeholders through thematic meetings, questionnaires and regular dialogues, and conducts in-depth discussions on environmental, social and governance (ESG) related issues. Stakeholders include Board members, senior management, frontline staff, suppliers, and clients, ensuring that the main stakeholders of the Group's operations are covered.

We continue to engage in extensive discussions with our stakeholders to identify key issues and challenges vital to the Group's sustainable development. After a thorough review, the Board confirmed that these issues remain relevant. As a result, the Materiality Matrix has been enhanced based on previous assessment results. The Materiality Matrix illustrates the impact of various ESG issues on both stakeholders and the Group, offering guidance for our sustainability strategies and resource allocation.



Environmental	Social
① Energy	⑧ Employment
② Water	⑨ Occupational Health and Safety
③ Air Emission	⑩ Development and Training
④ Waste and Effluent	⑪ Labour Standards
⑤ Other Raw Materials Consumption	⑫ Supplier Management
⑥ Environmental Protection Measures	⑬ Intellectual Property
⑦ Climate Change	⑭ Data Protection
	⑮ Customer Service
	⑯ Product/Service Quality
	⑰ Anti-corruption
	⑱ Community Investment

Environmental, Social and Governance Report

The Group and its stakeholders identified the following top material aspects:

- Occupational Health and Safety
- Development and Training
- Employment
- Labour Standards
- Anti-corruption
- Data Protection

All topics that were deemed simultaneously important to the stakeholders and the Group's business development were social topics. Details of management approaches to the above material topics are provided in the relevant sections in this Report. The Group will maintain communication with stakeholders, respond to their expectations, promote comprehensive progress in environmental, social and governance, and enhance the long-term value of the Company.

The Group will consider the formation of an ESG working group or committee to prepare for future business development and challenges as and when necessary.

A. ENVIRONMENTAL

In active response to China's dual carbon goals, the Group is dedicated to promoting sustainable operations in order to contribute to a sustainable future.

Due to the Group's business adjustment, after Evaluation, the previous set environmental targets are no longer applicable to the current business model. Following evaluation, we have established new environmental targets based on the 2024 baseline:

- Reduction of air emission by 2% by 2027 and 3% by 2030;
- Reduction of energy consumption in MWh by 2% by 2027 and 3% by 2030;
- Reduce water consumption in approximate tonnes by 2% by 2027 and 3% by 2030; and
- Reduce waste disposal by 2% by 2027 and 3% by 2030.

A1. Emissions

The Group did not involve emissions related to manufacturing or production due to the nature of the business. During the Reporting Period, the Group's business operations in the People's Republic of China ("PRC") and Hong Kong are office-based, with significant emissions primarily related to petrol used for company-owned vehicles, electricity consumption for daily office operations, and business air travel. For sports events, the Group will keep track of the use of electricity, water, and packaging materials, and strictly adhere to the government's environmental impact assessment of individual events. In the coming years, the Group will investigate the best ways to streamline systems and processes for effective waste data collection. The Group strictly adheres to the Waste Disposal Ordinance of Hong Kong, as well as the Environmental Protection Law of the PRC (中華人民共和國環境保護法) and the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Wastes (中華人民共和國固體廢物污染環境防治法) of the PRC. These laws aim to protect the environment and human health by preventing and controlling environmental pollution by solid waste and other public hazards, as well as holding businesses accountable for their environmental impacts and liable for any damages. The Group actively protects natural resources and ensures its operations do not pose significant threats on the environment. Domestic waste and recyclables from office operation are collected daily by cleaning personnel and handled by property management. Domestic and commercial waste generated from sports events will be collected and sorted by volunteers and municipal sanitation works.

Environmental, Social and Governance Report

For the use of vehicles and air conditioners, the Group strictly complies with relevant laws and regulations such as the Air Pollution Control Ordinance of Hong Kong, the Air Pollution Prevention and Control Law of the PRC (中華人民共和國大氣污染防治法) of the PRC, as well as opinions on ecological and environmental protection from the People's Government of Guangdong Municipality. Required standards concerning protection of the atmospheric environment and natural environment, and control of atmospheric pollution are enforced by relevant laws, particularly in Shenzhen in which pollution-prevention plans and ecological preservation in key areas and key river valleys are implemented by the Municipal Government. The Group has maintained strict management and monitoring over vehicle-related emissions generated from daily office work and event operations. In particular for rental vehicles in sports events, the Group has set up rules and guidelines on record keeping on fuel usage, mileage and maintenance works for vehicles, and compliance with traffic-related laws and regulations.

During the Reporting Period, the Group did not note any cases of material non-compliance relating to air pollutant and greenhouse gas emissions, effluent discharge into water bodies or land, or the generation of hazardous and non-hazardous waste as required by the applicable laws and regulations.

A1.1. Air Emissions

During the Reporting Period, the Group's operations did not consume any gaseous fuel thus there was no related direct emission of nitrogen oxides ("NOx"), sulphur oxides ("SOx") and respiratory suspended particles ("PM"). Petrol was consumed for Group-owned vehicles, which contributed to the emissions as follows:

Air Emissions ¹	Unit	2025	2024	2023
Sulphur oxides ("SOx")	kg	0.03	0.09	0.12
Nitrogen oxides ("NOx")	kg	1.26	5.08	5.46
Respiratory suspended particles ("PM")	kg	0.09	0.24	0.40

The Group will continue to monitor closely on the usage of the Group's motor vehicles and refine the data collection system in the future.

¹ The calculation of the air pollutant emissions was made reference to "Technical Guidelines for the Preparation of Air Pollutants Emission Inventory for Road Vehicles" 《(道路機動車大氣污染物排放清單編制技術指南)》. The calculation of NOx and PM emissions involved data of distance travelled by vehicle, which were estimated by referencing to the data of fuel consumed and fuel consumption of vehicles per 100 km.

Environmental, Social and Governance Report

A1.2. Greenhouse Gas (“GHG”) Emissions²

Scope of GHG Emissions	Unit	2025	2024	2023
Scope 1 Direct Emission				
Combustion of Fuel in Mobile Sources	tonnes of equivalent CO ₂	4.96	15.63	21.46
Scope 2 Indirect Emission				
Purchased Electricity ³	tonnes of equivalent CO ₂	4.48	9.95	7.83
Scope 3 Other Indirect Emission				
Paper Waste Disposal	tonnes of equivalent CO ₂	0.15	0.31	0.36
Business Air Travel ⁴	tonnes of equivalent CO ₂	–	6.30	13.70
Total	tonnes of equivalent CO ₂	9.59	32.20	43.35
<hr/>				
Intensity⁵	tonnes of equivalent CO ₂ per employee	0.40	0.92	2.41

During the Reporting Period, the Group’s greenhouse gas emissions showed an overall declining trend, due to the adjustment of the operation location. The Group attaches great importance to the management of greenhouse gas emissions and will continue to closely monitor emissions, conduct in-depth analysis of the sources of emissions and formulate effective control measures to reduce the impact on the environment.

In addition, the Group will further enhance the environmental awareness of its employees and, through publicity, education and training, encourage the initiative and sense of responsibility of all employees to reduce carbon emissions in their daily work.

² GHG emissions data were presented in terms of equivalent CO₂, with reference to, including but not limited to, the “GHG Protocol: A Corporate Accounting and Reporting Standard” issued by the World Resources Institute and the World Business Council for Sustainable Development, “Appendix II: Reporting Guidance on Environmental KPIs” issued by HKEX, and “Global Warming Potential Values” from the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.

³ The data for 2025 is calculated with reference to the emission factor of 0.5306 kg CO₂/kWh in the Announcement on the Release of the 2023 Electricity Carbon Dioxide Emission Factor 《關於發佈2023年電力二氧化碳排放因子的公告》); the data for 2024 is calculated with reference to the emission factor of 0.5703 kg CO₂/kWh in the Notice on the Management of Greenhouse Gas Emission Reporting of Enterprises in the Power Generation Industry from 2023 to 2025 《關於做好2023—2025年發電行業企業溫室氣體排放報告管理有關工作的通知》) issued by the Ministry of Ecology and Environment of the People’s Republic of China; and the data for 2023 is calculated with reference to the emission factor of 0.5703 kg CO₂/kWh for purchased electricity promulgated by the Ministry of Ecology and Environment of the People’s Republic of China (2022).

⁴ Due to the adjustment of the operation location, there is no business air travel data for this year.

⁵ For the years ended 31 December 2025, 31 December 2024 and 31 December 2023, the total number of employees of the Group was 24, 28 and 18, respectively.

Environmental, Social and Governance Report

A1.3. Hazardous Waste

The Group's operations did not generate a significant volume of hazardous waste and thus no such data is included in this Report. The Shenzhen office only generated a small amount of hazardous waste such as toner cartridges. They were collected by a certified cleaning service provider or contractor for further handling.

A1.4. Non-hazardous Waste

Domestic waste generated from office was handled by municipal authorities. The operations of Shenzhen and Hong Kong offices disposed of a total of 0.03 tonnes of wastepaper in the Reporting Period.

	Unit	2025	2024	2023
Wastepaper	tonnes	0.03	0.07	0.07

A1.5. Measures to Mitigate Emissions

The Group continues to adopt below initiatives to reduce emissions:

- For business travel of within 1,300 km, the Group encourages employees to take trains instead of planes;
- Encourage daily commute to shift from private cars to public transit such as bus, metro and shared bikes; and
- Maintain stringent management over the use of taxis for local business travel and encourage the usage of teleconferencing systems for meetings and conferences to limit the frequency of business travelling.

A1.6. Waste Reduction and Initiatives

The Group has adopted OA (Office Automation) system to promote paperless office, at the same time encouraging employees to print double-sided, reuse and recycle paper as much as possible.

During sports events, disposable paper cups are inevitable along the course. To minimise disruption to the environment and community in the surrounding area, the Group will enlist volunteers to carry out clean-ups during the activities. Furthermore, from 2015, the Group has been the pioneer of the "No garbage left after the marathon" campaign, in which incentives will be given to the general public to pick up trash for themselves and others following the event.

Environmental, Social and Governance Report

The Group actively promotes environmental protection measures in event operations, reuses materials, and partners with professional cleaners to properly handle both recyclable and non-recyclable trash. Each segment is responsible for its own waste management, for example, contractors are responsible for collecting and disposing of building supplies and construction debris. Mobile public toilets were returned to suppliers after use for further handling, and trash collection locations were set up to collect waste and prevent littering.

The Group will adopt new technologies, environmentally friendly materials, eco-products and alternative energy to reduce the generation of waste and environmental impacts. At the same time, we have used electric cars as sponsor vehicles in events to reduce carbon emissions. Going forward, we will strengthen the data tracking and management for non-hazardous waste, continuously optimise the waste treatment process, and promote the sustainable development of event operations.

A2. Use of Resources

The Group has implemented corporate resource management to encourage the conservation and efficient use of resources and further reduce the overall greenhouse gas emissions. Various management measures and procedures have been developed for office (in terms of waste management, use of equipment and vehicles, and business air travel) and event operations (in terms of resource management and use of vehicles and fuels). Effective management enables the Group to provide participants with environmentally friendly products and services while achieving a comprehensive and sustainable development of the Group. During the Reporting Period, the Group's electricity consumption decreased by 47% compared to 2024, mainly due to the business adjustment and reduced utilization of the Shenzhen office. The Group attaches great importance to energy management and will continue to improve energy efficiency and promote the application of energy-saving technologies to reduce carbon emissions, thereby supporting the national dual carbon goals. In the meantime, we will enhance employees' awareness of energy conservation and promote the participation among all employees to jointly achieve sustainable energy management.

A2.1. Energy Consumption

	Unit	2025	2024	2023
Electricity	kWh	8,439	15,962	13,731
Petrol	kWh	16,934	56,811	71,272
Total energy consumption	kWh	25,373	72,773	85,004
Electricity intensity (offices⁶)	kWh per sq.m.	17.22	32.58	26.04
Electricity intensity (events⁷)	kWh per event	844	7,981	4,577
Overall Energy Intensity (events⁷)	kWh per event	2,537	36,386	28,334

⁶ The average office size of the reporting year was 489.94 m² in 2025, 489.94 m² in 2024 and 527.26 m² in 2023.

⁷ A total of ten events were held during the reporting year, two events were held during 2024 and three events were held during 2023.

Environmental, Social and Governance Report

A2.2. Water Consumption

The Group's business operation does not consume a significant amount of water or therefore generate large volumes of wastewater, indicating our low environmental impact in terms of water use. During the Reporting Period, the total water consumption of our Hong Kong office was 40m³, with an average water consumption of 1.67m³ per employee. The Group's Shenzhen office is located in a commercial building and its lease agreement already includes water charges. Therefore, specific water consumption data is currently unavailable as no stand-alone water meter is installed to record water consumption. However, given the Group's operating locations and the nature of its business, we have not faced any significant challenges or issues in the procurement and management of water resources. The Group will continue to focus on the sustainability of resource use and explore more accurate monitoring methods for water consumption in the future to further enhance the transparency and efficiency of environmental management.

The Group recognises the importance of environmental data transparency to stakeholders and is committed to further improving the environmental data collection and management mechanism. We will actively and properly collect more relevant environmental data and continue to improve the accuracy and completeness of the data, so as to provide stakeholders with more meaningful information to support their assessment of the Group's environmental performance. At the same time, we will continue to promote the optimisation of water management to minimise the impact on the environment while developing our business.

A2.3. Energy Use Efficiency Initiatives

The Group has management regulations on the use of lighting. All office equipment, power sources and air conditioners must be switched off before getting off work and holidays. Signs related to energy saving are provided in common areas to promote energy-saving habits. Initiatives that the Group has set out and implemented successfully during the Reporting Period included the reinforced education on raising awareness of energy conservation at both office and event operations and the inclusion of agenda items of resource management (such as electricity consumption) in regular meetings.

A2.4. Water Use Efficiency Initiatives

The Group promotes water conservation by using water-efficient equipment and raises awareness by displaying signs related to water-saving practices in public areas. For sport events, designated personnel will be assigned as coordinator to inspect water use after each shift to reduce unnecessary water consumption. Due to our business nature and government policy, there was no issue in sourcing water that is fit for purpose.

A2.5. Packaging Materials

The Group's business did not involve any use of packaging materials, hence no data nor information is being presented in this Report.

A3. The Environment and Natural Resources

The Group has adopted various measures to reduce the impacts on the environment and natural resources arising from event planning and operations.

Planning of Marathon Projects

- In respect of developing new projects, the Group negotiates with the relevant government authorities to select appropriate routes for marathons, thereby minimising the impact of projects on the environment; and
- The Group integrates messages and educational materials related to environmental protection during promotion activities to raise the overall awareness of potential participants.

Operation of Marathon Projects

- The Group organises environmental training for volunteers helping the marathon events;
- The Group provides sufficient auxiliary facilities (e.g. mobile toilets) to avoid the occurrence of “urinating and defecating along the running track and on the surrounding”; and
- The Group cleans the areas involved promptly after the marathon races to restore them to original condition.

A3.1. Significant Impacts of Activities on the Environment

The Group’s business activities do not generate material impacts on the environment and natural resources, other than minor impacts due to electricity consumption from the office operations in Shenzhen and Hong Kong and frequent business air travel in different cities in the PRC throughout the year. The Group will continue to review current practice and policies and look for alternative solutions to further cut down their relative emissions.

We shall continue managing and operating more events to promote the concept of green, healthy and low-carbon lifestyle after the pandemic, and will continue putting efforts on optimal utilisation of resources and environmentally friendly materials, as well as efficient use of water and electricity during event operation, thereby contributing to reducing greenhouse gas emissions and minimising the Group’s impact on global warming.

A4. Climate Change

Climate change is one of the biggest global challenges faced by the society nowadays, and we must act now for our climate and our communities. In recent years, extreme weather, such as strong winds and heavy rainfall, as well as tides and floods, have become the focus of news. Logistics and supply chains are particularly vulnerable. Heavy rainfall, rising tides, and floods can cause impact and cancellation of our events and cause serious damage to assets such as buildings, warehouses, and goods in storage, resulting in financial losses. Although such incidents are beyond everyone’s control, the Group believes that all stakeholders should work together to address climate change, which will also be regarded as one of the most significant risks to the world in the next five years.

Environmental, Social and Governance Report

The Group has further enhanced its disclosure in this year. The Group's business units have strengthened analyses on the risk and opportunities from climate change specific to their markets.

The Group understands that climate change may have significant impacts on our operations and essentially plans to respond to local government initiatives and follow local governments' emission reduction requirements. We aim to reduce emissions by around 3% by 2030 and ensure the Group's greenhouse gas emissions will comply with the local requirements on or before 2030. Our target is to achieve carbon neutrality by 2050 in Hong Kong region and by 2060 in PRC. We are committed to continuously improving our energy efficiency, applying professional knowledge to improve on-site efficiency and maintain efficient management support, in order to safeguard the Group's reputation.

Over the years, we have been grasping different opportunities to expand our business, accelerate the transformation and make the Group smarter, more environmentally friendly, and safer for employees and users (such as automation, and utilising digital platforms for online conference to reduce carbon footprint in transportation, utilising electric vehicles instead of fossil fuel vehicles). These measures have made our facilities becoming more sustainable and fulfil our commitment to resource management and environmental protection.

Action on climate change

Action on climate change is embedded in the Group's business strategy and reflected in the governance and management processes of the Company. The index table below outlines where to find the core elements of how the Group responds to the Stock Exchange's recommendations on ESG (including climate-related issues).

Core element	The Group's response
Governance	<ul style="list-style-type: none">• Consider setting up ESG Working Group and regular meeting• Integrate ESG topics (including climate-related issues) in corporate decision making
Strategy	<ul style="list-style-type: none">• Understanding climate risks and identifying risk and opportunities in low-carbon transition
Risk Management	<ul style="list-style-type: none">• The Board to discuss about ESG risks• Preparing for the transition to a low-carbon economy• Preparing and developing measures to physical climate risks
Metrics and Targets	<ul style="list-style-type: none">• Investing in transition enablers• Creating value in the low-carbon transition

Environmental, Social and Governance Report

The Group has identified a series of climate-related risks and opportunities relevant to our assets and services which are significant to us. These transition and physical risks are discussed in the sections below.

	Risks	Opportunities
Short term (0 – 1 year)	<ul style="list-style-type: none"> Physical risks from extreme weather events Securing the skills and capability required to implement climate strategy 	<ul style="list-style-type: none"> Sourcing new environmentally friendly products and establishing supply chains for customers, making contribution to decarbonisation Technologies to enhance the performance of operation and energy efficiency
Medium term (5 years)	<ul style="list-style-type: none"> Transition risks – Implementation low-carbon policies for the operation Transition risks – Supply and demand for certain commodities, products and services may change as climate related risks and opportunities are increasingly taken into account 	<ul style="list-style-type: none"> Transitioning to low carbon economy market to meet government decarbonisation targets Opportunities arising from transition enablers
Medium to long term (5+ years)	<ul style="list-style-type: none"> Transition risks – Potential new regulation and policies Transition risks – Development and use of emerging technologies may increase the operational costs, and reduce the Groups’ competitiveness Transition risks – The Group’s reputation may be impacted due to changing customer or community perceptions of said the Group’s contribution to or detraction from the transition to a lower-carbon economy 	<ul style="list-style-type: none"> Transitioning to low carbon economy market to meet government decarbonisation targets Opportunities arising from transition enablers To work as a pioneer in the industry and build up the relevant reputations Developing advanced technology to align with the market needs in low carbon economy

Physical climate risks have the potential to damage the integrity of the Group’s assets or interrupt our events organisation, service delivery and customers directly. The Group has already set up a number of measures in place to enhance the reliance of its operations.

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Transition risks have the potential to increase the operational cost and legal risk due to change of policy, technology development, relevant risk affected to supply and demand, and reputation due to public perceptions. The Group has already identified the relevant risks and continues to monitor the market and policy updates. The Group has also planned to invest according to the market needs and takes this as an opportunity for long term development, such as using more electric vehicles in our operations and events. Besides, we will encourage our staff to use teleconferencing system for meeting and we have planned to upgrade the system in future.

Climate Scenario Analysis

During the reporting period, the Group conducted climate scenario analysis to better understand and respond to potential impacts of climate change. The analysis covered both physical and transition risks and screened and assessed each risk category. To better identify and analyze potential physical and transition risks the Group may face, we used the Intergovernmental Panel on Climate Change (“IPCC”) Shared Socioeconomic Pathways (SSPs) and the Network for Greening the Financial System (“NGFS”) climate scenarios. This approach helps us better understand the resilience of our climate strategy and the potential impacts on core operations under climate variability, thereby enhancing our capacity to respond to climate change.

Physical risks		
Climate scenario	Low-risk scenario SSP 1-1.9	High-risk scenario SSP 5-8.5
Scenario description	<ul style="list-style-type: none"> Rapid global phase-out of fossil fuels; global CO₂ emissions reach net zero around 2050. Renewables dominate, and electrification is widespread. Large-scale afforestation. Rapid development and deployment of low-carbon technologies including storage, hydrogen, and carbon capture and storage. Global cooperation and strict effective climate policies, with consumer behavior shifting to low-carbon choices. 	<ul style="list-style-type: none"> Continued reliance on abundant, globally connected fossil fuel resources. Technological innovation active but focused on extraction and consumption efficiency rather than low-carbon alternatives. Lack of effective global carbon pricing or strict international climate agreements. Global income gaps narrow and investment in human capital increases.
Projected warming	Warming below 2° C by 2100	Warming of 4.4° C by 2100.

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Transition risks		
Climate scenario	Low-risk scenario 2050 Net Zero	High-risk scenario Current Policies
Scenario description	<ul style="list-style-type: none"> Immediate implementation of strict climate policies, with global CO₂ emissions reaching net zero around 2050. Carbon pricing reached high levels early (about USD 100 per tCO₂e in 2020) and continues to rise rapidly, increasing costs for carbon-intensive goods and services and changing consumption and production patterns. Deployment of carbon dioxide removal (CDR) technologies accelerates decarbonization, though scale is constrained by sustainability considerations. 	<ul style="list-style-type: none"> Maintain existing policies without additional emission pledges or measures. Technological change is slow; fossil fuels still dominate the energy system. Renewables grow but do not disrupt the existing system. Carbon pricing remains low and is insufficient to drive deep decarbonization.
Projected warming	Global warming contained below 1.5° C by 2100 (50% probability).	Warming exceeds 3° C by 2080.

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We used these climate scenarios to assess the potential impacts of climate risks on the Group's production and operations, the severity of those risks, and how they link to strategic planning. The potential climate-related risks the Group faces are listed below.

Physical risks Risk category	Potential impacts	Risk level			Mitigation measures
		SSP1-1.9	SSP5-8.5	Time horizon ⁸	
Frequent extreme weather events (e.g., heavy rain, extreme heat, severe cyclones, floods, droughts, and water shortages) may adversely affect or pose potential risks to the Group's facilities and events.	Adverse weather already causes event postponements or cancellations, particularly for outdoor golf and marathon events, leading to immediate revenue loss. Logistics are vulnerable, with heavy rain impacting supply delivery and causing minor damage to event infrastructure.	Low	Medium	Short to medium term	<ul style="list-style-type: none"> Diversify material suppliers across multiple sources and countries. Maintain contingency plans for all facilities, including water tanks and stored drinking water. Implement typhoon/extreme-weather protocols (cancel/postpone events; provide participant supplies for heat/cold). Use emergency restoration systems (temporary masts) to speed power recovery.
Long-term changes in climate patterns may present chronic climate risks to the Group (for example, sustained high temperatures leading to sea-level rise or prolonged heatwaves).	Sustained high temperatures during the reporting period have increased electricity demand for cooling at the Shenzhen and Hong Kong offices. Heat stress requires enhanced medical support for event participants and shifts in event scheduling to cooler months.	Low	Medium	Medium term	<ul style="list-style-type: none"> Improve customer service communication, especially post incident updates.

⁸ The time horizons are defined by the periods over which climate-related risks may affect the Group's operations. Short term: 1–3 years; medium term: 3–5 years; long term: 5–10 years. These intervals are widely used in the industry and are aligned with the Group's near- and mid-term decarbonization targets and actions.

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Transition risks	Risk category	Potential impacts	Risk level	Time horizon			Mitigation measures
				2050 Net Zero	Current policies	Mitigation measures	
Climate change affects markets in complex ways, potentially altering supply and demand for certain goods, products, and services.		Stakeholder interest in “green sports” is growing, influencing the Group to invest in environmentally friendly products and services to maintain its leading position. Supply chain costs have seen minor fluctuations due to climate-driven resource scarcity.	Medium	Low	Medium to long term	<ul style="list-style-type: none"> Actively adopt new environmentally friendly equipment. Regularly monitor current and emerging climate-related trends, policies, and regulations, and obtains compliance advice when necessary to avoid reputational risk from slow responses. 	
Changes in domestic and international climate policies, and global trends such as China’s carbon peak and carbon neutrality goals, constitute risk factors.		The Group currently needs to allocate additional resources to comply with tightened climate-related policies and/or regulations.	Medium	Low	Medium to long term	<ul style="list-style-type: none"> Evaluate the effectiveness of its climate actions and strengthens its capacity to address climate-related issues. Encourage employees to participate in meetings and training to stay up to date with the latest developments in relevant technologies. 	

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Business model and value chain

Climate-related risk	Current effect	Anticipated effect
Frequent extreme weather events (e.g., heavy rain, extreme heat, severe cyclones, floods, droughts, and water shortages) may adversely affect or pose potential risks to the Group's facilities and events.	Adverse weather already causes event postponements or cancellations, particularly for outdoor golf and marathon events, leading to immediate revenue loss. Logistics are vulnerable, with heavy rain impacting supply delivery and causing minor damage to event infrastructure.	Increased frequency of severe cyclones and floods may lead to higher insurance premiums for event venues and permanent damage to physical facilities. Severe weather may also necessitate more robust contingency planning, increasing operational costs for participant safety and emergency restoration.
Long-term changes in climate patterns may present chronic climate risks to the Group (for example, sustained high temperatures leading to sea-level rise or prolonged heatwaves).	Sustained high temperatures during the reporting period have increased electricity demand for cooling at the Shenzhen and Hong Kong offices. Heat stress requires enhanced medical support for event participants and shifts in event scheduling to cooler months.	Prolonged heatwaves may permanently alter travel and participation patterns, potentially leading to a long-term decline in visitors to destinations prone to extreme heat. Chronic water shortages may increase costs for facility maintenance and hydration services at large-scale sports events.
Climate change affects markets in complex ways, potentially altering supply and demand for certain goods, products, and services.	Stakeholder interest in "green sports" is growing, influencing the Group to invest in environmentally friendly products and services to maintain its leading position. Supply chain costs have seen minor fluctuations due to climate-driven resource scarcity.	A significant shift in consumer preference toward lower-carbon events may reduce demand for traditional high-emissions operations. Supply chain interruptions for critical event materials could result in price volatility, impacting the Group's margins and requiring more diversified, resilient sourcing strategies.
Changes in domestic and international climate policies, and global trends such as China's carbon peak and carbon neutrality goals, constitute risk factors.	The Group currently needs to allocate additional resources to comply with tightened climate-related policies and/or regulations.	The Group will need to invest more resources to meet relevant policies and/or regulations.

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Strategy and decision-making

The Group recognizes the importance of identifying and mitigating material climate impacts and has integrated climate-related risk analysis into its core risk-appetite framework. To align its business model and resource allocation with current and anticipated changes, the Group is committed to reducing greenhouse gas emissions and cutting energy consumption, and will pursue the following current and planned mitigation measures below:

Relevant part of the value chain	Relevant measures
Supply chain	Diversify materials supplies from multiple suppliers, sources and countries.
Operation	<p>Monitor and inspect assets regularly</p> <ul style="list-style-type: none">– Maintenance of a Contingency Plan for all facilities <p>To address extreme heat and increased temperature:</p> <ul style="list-style-type: none">– Maintain cooling equipment in good conditions to improve efficiency in long term <p>To address the risk of water shortage and drought:</p> <ul style="list-style-type: none">– To maintain water tank(s) in facilities and events if possible– Purchase drinking water with sufficient storage for operation and events
Services	<ul style="list-style-type: none">– Establish a typhoon and extreme weather response protocol and coordinating system, sports events will be cancelled or postponed in case of adverse weather conditions and provide supplies for sports events participants to fulfil their needs when there is heat stress or cold weather, we ensure smooth execution of contingency plans by implementing measures as stated above– Utilise the emergency restoration system, enabling rapid construction of temporary masts that can shorten the restoration of power supply– Enhance the communication capacity of customer services, in particular post-incident customer communication

Investing in transition enablers

Investment in a broad range of transition enablers is required to transform the business to low-carbon economy. The Group will invest more resources to purchase electric vehicles (EVs) to replace the old vehicles consuming fossil fuel in future and encourage our suppliers and contractors to use EVs in our events in future. The Group is also willing to develop advanced technology related to sports events, so that it can deliver high standard sports events to the society.

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Risk Management

The Group has integrated climate-related considerations into its day-to-day operations and enterprise risk management systems. The Board has overall responsibility for the Group's ESG matters and related reporting, while management is responsible for addressing sustainability related risks and opportunities, including those related to climate. We continuously monitor these risks to ensure they are incorporated into the Group's strategic planning, business decisions, and approval processes. The Group will ensure its offices and laboratories that it owns or operates comply with applicable environmental laws and regulatory standards. The Group values stakeholder relationships and feedback on our business and ESG matters, and seeks to balance interests proactively to support sustainable development.

ESG Reporting Code	Corresponding Sections	Notes/Explanations
Governance		
19(a)(i) – (iv)	Governance Structure	We have not yet linked climate-related performance to its compensation and incentive mechanisms when designing its remuneration policy.
19(b)(i) – (ii)	Governance Structure	
Strategy		
20(a) – (d)	Part D Climate Change – Action on climate change	We will periodically assess whether information on climate-related opportunities for each period meets materiality and disclosure exemption criteria, and, where feasible, discuss them further in subsequent reports.
21(a) – (b)	Part D Climate Change – Business model and value chain	We will periodically assess whether information on relevant climate opportunities meets exemption criteria and, where feasible, expand the discussion in subsequent reports.
22(a) – (b); 23	Part D Climate Change – Climate Scenario Analysis; Part D Climate Change – Strategy and decision making	
24(a) – (b)	Part D Climate Change – Business model and value chain	We are undertaking additional financial analysis and internal discussion, where feasible, to disclose the quantitative financial impacts of current climate related risks and opportunities in subsequent reports.

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ESG Reporting Code	Corresponding Sections	Notes/Explanations
25(a) – (c)		We are undertaking additional financial analysis and internal discussion, where feasible, to disclose the quantitative financial impacts of current climate related risks and opportunities in subsequent reports.
26(a) – (b)	Part D Climate Change – Climate Scenario Analysis	We will periodically assess whether information on relevant climate opportunities meets exemption criteria and, where feasible, expand the discussion in subsequent reports.
Risk Management		
27(a) – (c)	Part D Climate Change – Risk Management	
Target and Metrics		
28(a) – (c)	Part D Climate Change –Greenhouse Gas (“GHG”) Emissions	We are finalizing our Scope 3 greenhouse gas emissions inventory and, where feasible, will disclose additional details in subsequent reports.
29(a) – (d)	Part D Climate Change –Greenhouse Gas (“GHG”) Emissions	We are finalizing our Scope 3 greenhouse gas emissions inventory and, where feasible, will disclose additional details in subsequent reports.
30		We are collecting additional data and information to determine the percentage of our business exposed to transition risks and, where feasible, will disclose this information in subsequent reports.
31		We are collecting additional data and information to determine the percentage of our business exposed to physical risks and, where feasible, will disclose this information in subsequent reports.
32		We are collecting additional data and information to determine the percentage of our business exposed to climate-related opportunities and, where feasible, will disclose this information in subsequent reports.

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ESG Reporting Code	Corresponding Sections	Notes/Explanations
33	We are currently reviewing more detailed analysis and quantification methods available in the market in order to disclose the amount of capital expenditure, financing, or investment that aligns with climate-related opportunities.	
34(a) – (b)		We do not currently apply an internal carbon price in our decision-making and, where feasible, will disclose any changes to this practice in subsequent reports.
35		We have not yet linked climate-related performance to its compensation and incentive mechanisms when designing its remuneration policy.
36		There are no applicable industry-based metrics at present.
37(a) – (h)	A. Environment	
38(a) – (d)		As of the reporting year, the Company had not engaged a third-party organization to validate its emission targets or the methodology used to set them and, where feasible, will disclose any future engagement in subsequent reports.
39	A. Environment	
40(a) – (e)	Part D Climate Change – Greenhouse As of the end of the reporting year, the Gas (“GHG”) Emissions	Company’s current greenhouse gas emission targets had not been established using industry decarbonization methodologies, and there were no plans to use carbon credits to offset emissions to meet those targets; where feasible, we will disclose any changes to these approaches in subsequent reports.
41	Nil	

Our Path to 2050

The Group is prepared to address the threats climate change poses both to our business and to the communities that we serve. We are determined to deliver on our purpose to provide safe, reliable, and affordable services for customers, and we are fully aware that our environmental responsibility has never been greater. Every one of us needs to play our part and together we can speed up the pace of low carbon transition and create a low-carbon world for our future.

B. SOCIAL

1. Employment and Labour Practices

B1. Employment

The Group's current corporate management related to human resources covers detailed measures on recruitment and dismissal, compensation, remuneration, performance assessment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other employees' benefits and welfare. We have defined the above in detail in our Employee Handbook. The Group did not note any cases of material non-compliance concerning employment during the Reporting Period and strictly complied with national and local laws and regulations, including but not limited to the followings:

- Labour Law of the PRC (中華人民共和國勞動法);
- Labour Contract Law of the PRC (中華人民共和國勞動合同法);
- Social Insurance Law of the PRC (中華人民共和國社會保險法);
- The Trade Union Law of the PRC (中華人民共和國工會法);
- Employment Ordinance of Hong Kong;
- Employees' Compensation Ordinance of Hong Kong;
- Sex Discrimination Ordinance of Hong Kong;
- Disability Discrimination Ordinance of Hong Kong;
- Family Status Discrimination Ordinance of Hong Kong; and
- Race Discrimination Ordinance of Hong Kong.

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The above laws were written to protect employees' legitimate rights and to ensure that they are treated fairly and enjoy the social insurance benefits, to maintain a stable employment relationship between employees and the Group through the requirements of the labour contract, as well as to safeguard the rights and obligations of trade unions. The Group uses Labour Law as guidance and reference for continuously improving the Employee Handbook and standardising terms and rules to provide the best protection for both business and employees. The Group also strictly follows the Labour Contract Law while developing the employment contract with the employee and provides detailed explanations on the terms and clauses. New recruits are also required to attend training to ensure the understanding of the contract agreement. Moreover, the Group provides five types of insurance and one type of fund as well as Mandatory Provident Fund for all employees in the PRC and Hong Kong respectively to ensure that they enjoy social insurance benefits. Furthermore, under the Trade Union Law of the PRC, the Group has established independent trade unions, female workers' committee and study groups to support and care for employees who have difficulties or special needs.

Total Employees and Daily Management

Our employment profile during the Reporting Period is shown as follows:

Workforce As of 31 December 2024 and 2025 ⁹	2025	2024
By Gender		
Male	5	12
Female	19	16
By Age Group		
26-35	12	10
36-45	10	12
46-55	2	5
56 or above	–	1
By Employment Type		
Permanent	2	3
Contract	22	25
By Geographical Region		
Hong Kong	11	16
Mainland China	13	12
Total	24	28

⁹ It includes the employees of the Group only. Workers of the subcontractors are not included.

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Our employees' turnover rate during the Reporting Period is shown as follows:

Turnover Rate ¹⁰	2025	2024
By Gender		
Male	67%	21%
Female	11%	4%
By Age Group		
26-35	–	4%
36-45	10%	4%
46-55	200%	7%
56 or above	–	11%
By Geographical Region		
Hong Kong	55%	21%
Mainland China	–	4%
Total	25%	25%

The Group had a total number of 24 employees as of 31 December 2025, in which 24 employees were full-time employees.

The Group is also committed to providing a comfortable working environment as well as diversified and enriched cultural and leisure activities for its staff. The Group continues encouraging employees to decorate their workstations according to their personal preference to create a relaxing and pleasant working environment. Team-bonding and festive activities such as cultural integration, birthday parties, traditional food cooking classes, sports competitions, and film screening were held regularly. We have organised annual meal gathering for our employees to show our gratitude towards their effort throughout the year.

Remuneration, compensation and other welfare and benefits

The Group provided its employees with competitive remuneration and made contributions to a series of basic social insurances, including endowment insurance, basic medical insurance, unemployment insurance, work injury insurance and maternity insurance. It also provided other employee benefits such as medical check, and contributed to their housing provident fund. The Group cares for the health of our employees and we do not encourage them to work overtime, however if work overtime is required, employees are entitled to compensation leave according to the Group's relevant arrangements.

¹⁰ Turnover rate = Total number of departures during the Reporting Period/Total number of staffs at the end of the Reporting Period. The Group had a total of 6 employees turnover during the Reporting Period.

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Performance Assessment and Promotion

The Group conducted performance assessments regularly for employees with fairness and promoted employees with outstanding performance, providing equal and strategic career paths to employees for their development and stronger management capability. Apart from the results of the employees' performance assessments; promotions may also occur subject to changes of the operating environment and adjustment of the Group's structure.

Dismissal

To ensure the continuity of business operations and effective allocation of human resources, the Group has formulated a clear policy for resignation notice. In case of resignation, a full-time employee is required to submit no less than 30 days of prior written notice; a senior executive or a new employee in key positions is required to submit no less than two months of prior written notice, thus ensuring business stability and smooth handover. In addition, for employees under probation, three days of prior notice to the Group is required for termination of the employment contract. The Group would ensure that the employees have returned all properties which belong to the Group and all work-related information remains in the Group. For any losses incurred that harmed the Group's interest due to incompliance with the resignation procedures for resignation caused by the employees, the employees would be liable for the compensation of the Group's loss. For employees who committed serious misconduct, the Group has the right to terminate the labour relationship with them.

Working Hours and Rest Periods

The Group observed the provisions of the Labour Law of the PRC (中華人民共和國勞動法) and ensured that the working hours of employees were limited to eight hours per day or 40 hours per week. The working hours of some employees were calculated in terms of the year, which would not exceed the statutory working hours. Besides, the Group provided full protection for paid leave entitlement, including annual leave, to its employees. To care for the needs of our employees, the Group, on the other hand, also provided paid sick leave, work injury sick leave, maternity leave, marriage leave and bereavement leave for employees who passed the probation period.

Equality, Diversity and Anti-discrimination

As one of the largest industrial operations in China sports industry, "fair and respect" is our core value. By upholding the principles of equality, diversity, and anti-discrimination, the Group has exercised complete respect to the legitimate rights and interests of all employees to eliminate matters related to gender discrimination, racism, and religious discrimination. We are "zero tolerance" to any kind of discrimination in our Group.

B2. Occupational Health and Safety

Due to the nature of the business, the Group does not involve working in a manufacturing or production environment. The Group strictly observed the laws and regulations concerning health and safety such as the Occupational Safety and Health Ordinance of Hong Kong, the Law of the PRC on the Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法) and the Production Safety Law of the PRC (中華人民共和國安全生產法) and, along with the expectations and requirements by the suppliers, athletes and customers for a healthy and safe working environment. Being in the sports industry and under the Law of the PRC on the Prevention and Control of Occupational Diseases, the Group's business has minimal exposure to occupational diseases and hazards. Nevertheless, all employees are required to provide medical records dated within the past six months upon recruitment and will be provided with an annual health check.

To ensure the hygiene of our working environment, the Group has stipulated in the Employee Handbook that employees have to pay extra care to their personal conduct, behaviours such as spitting or leaving cigarette butts behind are subject to punishment of general misconduct.

Being in the event industry, employees are required to carry out frequent business trips to ensure smooth and effective commencement of event operation. Therefore, the Group provides employees specific training on health and safety risks which may arise from business trips or at work, to equip them with knowledge and skills. We arrange staff from the medical and health department to support our events and to provide emergency medical treatment if necessary.

Despite the fact that our working environment is relatively safe, the Group has arranged fire drills regularly to facilitate the awareness of occupational safety in our working environment.

There were no work-related fatalities or injury cases since 2019 till the end of the Reporting Period. No non-compliance with relevant laws and regulations that had a significant impact on the Group relating to the provision of a safe working environment and protecting employees from occupational hazards had been identified during the Reporting Period.

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B3. Development and Training

The Group attaches great importance to the nurturing of talent and enhancement of knowledge to satisfy the development needs of staff from various positions and has stipulated in the Employee Handbook regarding development and training management. At the same time, to meet the market demand and business growth, the Group recognises the significance of providing comprehensive training and development opportunities to build an outstanding sports event operation and management team. Specific training in the areas of international and local market trends, industrial standards, organisation management and business strategy were provided with a total of 14 (2024: 11) participants.

	Unit	2025 ^{11, 12}	2024 ^{11, 12}	2023 ^{11, 12}
Percentage of Employees Trained				
By Gender				
Male	%	21	64	50
Female	%	79	56	100
By Employment Category				
Senior Management	%	45	31	80
Middle Management	%	21	100	100
Frontline and Other Employees	%	36	25	22
Average Training Hours Completed per Employee				
By Gender				
Male	hours	2	2	6
Female	hours	2	3	6
By Employment Category				
Senior Management	hours	2.2	3.1	14.5
Middle Management	hours	2.3	2	2
Frontline and Other Employees	hours	2.2	2.2	2

¹¹ Percentage of employees trained = Number of employees trained during the Reporting Period/Total number of employees as at the end of the Reporting Period. The Group had a total of 24 employees who received training during the Reporting Period.

¹² Average training hours completed per employee = Total number of training hours during the Reporting Period/Total number of employees as at the end of the Reporting Period. The Group had a total of 31 training hours achieved during the Reporting Period.

Training Methods

- The Group organises Staff Training Session from time to time to ensure that the professional knowledge of its staff can keep pace with industry development;
- The Group supports and encourages management staff with potential to participate in EMBA and other courses organised by institutions of higher learning;
- The Group engages experts in the industry or senior lecturers in the related field to give lessons to employees; and
- Role-playing and job rotation elements are added in training sessions for employees to improve their skills and responsibilities in simulated working conditions and scenarios.

B4. Labour Standards

Our employment practices and labour standards were stipulated in our Employee Handbook. The Group strictly complies with the Employment Ordinance of Hong Kong, the Labour Law of the PRC (中華人民共和國勞動法), the Labour Contract Law of the PRC (中華人民共和國勞動合同法) and the Provisions on the Prohibition of Using Child Labour (禁止使用童工規定) and other laws and regulations concerning labour standards of Hong Kong and the PRC, and there was no child labour nor forced labour working in the Group during the Reporting Period. There was no material impact to the Group's business as recruited candidates were always 20 years old or older (we ensure that by requiring our candidates to submit their identification documents for our verification purposes), with a college degree or above and with full capability on carrying out civil duties. The Group made sustained efforts to safeguard the legitimate rights of its staff and continue to review the employment practice regularly to avoid child and forced labour. The Group upheld fair and legal relationship with its employees and strictly followed the terms written in the labour contract. A labour union has been established to guarantee the independent operation of the union under the Trade Union Law of the PRC (中華人民共和國工會法) and other relevant requirements. In case if any child or forced labour cases are discovered, the Group will respond immediately by ceasing the employment of the labour with stringent follow up actions taken, disciplinary actions will be taken, and responsible employees might be dismissed if the cases are serious.

2. Operating Practices

B5. Supply Chain Management

Operation process optimisation and the result of sports event operation are always the concerted efforts of various suppliers and partners. Accordingly, the Group pays great attention to its supply chain management. It has formulated regulations for supplier management to strictly control the admission of suppliers and exercise dynamic management over the selected suppliers. Management measures such as Bidding Management System and Procedure, Review Regulations on Project Bidding Documents, and Procurement Management System and Procedure are established to ensure a stable and efficient supply chain.

Environmental, Social and Governance Report

Environmental and Social Control on Suppliers

The Group enforces control and closely follows the environmental and social performance of suppliers, particularly for environmentally friendly products and equipment, and safe working condition for food and beverage productions. Purchasing department considers the overall product quality, performance, reputation, price and eco-friendliness, etc. of suppliers and grants selection priority to those with lower environmental impacts. Moreover, the Group promotes its corporate policies and management to suppliers and contractors and encourages their commitment to environmental protection and social responsibility upon engagement.

Admission of Suppliers

The Group conducts the following practices to choose our suppliers:

- Conducts comprehensive assessments on the qualification of its suppliers and contractors to ensure the fairness and transparency of the screening process;
- Carefully selects the media to cooperate with and reinforces its strong alliance with China Central Television and local satellite television stations; and
- Classifies its sponsors into different categories and formulates different admission standards accordingly. Priorities will be given to domestically and internationally leading brand sponsors except for small events. Besides, all advertisements of the sponsors are subject to review by the Sports Event Organising Committee and local sports bureau for event operation to ensure that there are no false claims or exaggerated promotions.

Management of Suppliers

The Group conducts the following practices to manage our suppliers:

- Exercises dynamic management over selected suppliers and partners. Qualification of suppliers and partners are examined regularly to assure the quality, timeliness and reasonable cost of products and services procured;
- In case of breach of supplier management regulations, the Group shall either issue warning to the supplier or disqualify the supplier. In case of misconduct such as environmental pollution or breach of labour standards of suppliers or partners, the Group shall also disqualify the supplier or terminate the partnership.

As at the end of the Reporting Period, the Group had a total of 29 suppliers from the PRC. All our suppliers were managed and monitored under the supplier chain management practices as mentioned in this section.

B6. Events/Services Responsibility

During the Reporting Period, the Group did not note any cases of material non-compliance regarding health and safety, advertising, labelling and privacy matters relating to products and services provided as required by related laws and regulations.

The Group strictly complies and actively responds with the Sports Law of the PRC (中華人民共和國體育法). This law ensures the reliability of funding sources, deters the use of banned drugs in sports activities and safeguards the professionalism and fairness of sports events, as well as promoting sports culture and nationwide fitness, and the inclusion of Chinese talents. The Group has always been organising marathons intending to develop and promote nationwide sports. Every individual including families, elderlies, people with disabilities, and groups like local enterprises, trade unions and social groups, as well as international athletes, are encouraged to participate. The Group also puts efforts in developing advanced technology related to sports events and maintains high standards of marathons by inviting athletes and referees with technical levels corresponding to the levels of marathons. Volunteers and supporting units shall be recognised with certifications. Arbitration committee is being set up for every event to handle any disputes in the competitions.

The Group also follows the principle, “Prevention first, Education oriented” of the Anti-doping regulations, by carrying out education works related to anti-doping through official websites and online platforms as well as offline lectures. The Group also invites professionals from national anti-doping testing centre to conduct testing on top runners from marathon events.

Adhering to the brand philosophy of “Wisdom in the mind and fitness in the body”, the Group strives to provide professional and safe sports services for hundreds of millions of participants and promote green Gross Domestic Product growth through its marathon event operation.

Professional Sports Services

The Group has adopted various management systems related to bidding tenders, event registration, event work process, event contract and finance and rental vehicles to ensure that consistent and professional sports services and events are provided. To ensure a smooth bidding work, the Group has standardised the preparation works for various types of services and relevant documentation for more efficient and better monitoring of bidding progress. For event registration, the Group has developed consistent methods on the registration-related procedure, official website, data management, event short message service (SMS) planning, consulting works and result announcements. The Group has a standardised system on managing the contract’s execution, strengthening its cost management and preventing loss of assets. The Group has also set up standard procedure on financial issues involving receipt, budget, financial approval and service agreement arising from business operations. Lastly, for better management of rental vehicles in marathon events, the Group has set up rules and guidelines on driver qualification, record keeping on fuel usage, mileage and maintenance works for vehicles, insurance, and compliance with traffic-related laws and regulations.

The Group has also set up an organising committee and customer service hotline and emails as proper channels to collect and handle customers’ and participants’ feedback. There were no complaints received related to products and service provided during the Reporting Period.

Environmental, Social and Governance Report

Safe Sports Service

As a long-distance running sport, marathons may cause physical issues and injuries to some of the participants due to the strong intensity of exercise. To ensure the safety of participants, the Group optimises its application management and sports events management system continuously so that the participants are offered with safe and reliable sports products. During the Reporting Period, the Group has experienced no incident of fatality or serious injury of participants as a result of its marathon events.

Application

- The Group has formulated stringent application requirements based on the conditions of the marathon events: Applicants for marathon events may be required to provide certified medical examination reports dated within one year or post-marathon reports, etc.;
- The Group puts great effort into protecting the privacy of its customers. Information of participants will be managed collectively by the back office of the Group to ensure information security; and
- The Group maintains insurance for participants with insurance coverage of 100%.

Competition

The Group cooperates with the relevant departments and authorities in places where it operates to select the appropriate time and routes for competition.

- The Group ensures that medical plans, security measures and emergency plan are in place before each marathon;
- The Group provides detailed competition guide on the official competition website, including information such as roadmap, location of supply points, washrooms and medical stations, weather forecast, etc.;
- The Group invites physicians to participate in the marathon, and provides Automated External Defibrillator along the track and near the finish line to prevent accidents and ensure timely and effective rescue measures; and
- The Group sets up appropriate track and grandstand. Special attention is paid to the zoning at the finish line to make sure that there is a safe distance between participants and spectators.

Intellectual Property

To maximise the protection of the Group's interest, great attentions are paid for applying and protecting intellectual property rights, such as trademark, patents, copyrights, domain names, etc. During the cooperation with individual units or partners, detailed provisions shall be made clear on the intellectual property right's ownership, the scope of use, development result, etc., as well as proper handling of relevant legal documents and the non-disclosure agreement ("NDA") in the employment contract. To implement the objectives stated above, the Group has established "Intellectual Property Rights Protection Notice" as guidelines for employees and relevant parties to follow and comply. Any breach or non-compliance of the NDA may lead to termination of labour relationship, offenders may be prosecuted by relevant local authorities and the Group reserves the right to claim for any losses caused lawfully.

Customer Data Protection and Privacy

For customer, staff, event participants and other stakeholders' data and information, the Group has rules on protecting customers' privacy and data protection stipulated in our Employee Handbook. No material non-compliance with laws and regulations (including but not limited to the Personal Data (Privacy) Ordinance of Hong Kong and the Advertising Law of the PRC (中華人民共和國廣告法)) concerning customer data protection and privacy was recorded during the Reporting Period.

B7. Anti-corruption

The Group strictly abides by the Criminal Law of the PRC (中華人民共和國刑法), the Anti-Unfair Competition Law of the PRC (中華人民共和國反不正當競爭法), the Interim Provisions of the State Administration for Industry and Commerce on Prohibition of Commercial Bribery (國家工商管理行政管理局關於禁止商業賄賂行為的暫行規定) and other laws and regulations concerning anti-corruption in Hong Kong and the PRC. The Group does not engage in unfair competition with its business and protects the quality of event service. It also strictly maintains social and economic orders and has no tolerance for misconduct, malpractice, and infringement on personal and democratic rights. The Group also determines to maintain a healthy market competition without jeopardising the legitimate rights and interests of other operators and consumers.

Moreover, to prevent corporate crimes related to accepting bribes from non-state workers, embezzlement, misappropriating funds or infringement of intellectual property, the Group has established various measures, such as Procedure for Employees on Reporting Potential Misconduct, Anti-fraud Reporting System and Management System for Intellectual Property Protection, to prevent such behaviours and protect the Group's legal rights.

To create a fair, transparent, legal and compliant business environment, the Group also established a series of systems related to procurement, marketing and management to prevent illegal activities such as commercial bribery, malpractice, misappropriation of public funds, extortion, money laundering, etc. Business partners with the Group must sign an agreement on the prohibition of commercial bribery upon engagement when necessary.

Environmental, Social and Governance Report

The Group highly values business integrity and adheres to high ethical standards. Employees at different levels are responsible for co-creating a clean business environment. The Group provides online anticorruption materials for its employees to increase their knowledge and understanding on relevant anti-corruption laws and regulations, code of conduct, and their roles and responsibilities. The Group provided anti-corruption training to half of its employees, with an average training hour of 1.5.

The Group has effectively managed its corruption-sensitive segments and prevented the risk of non-compliance by formulating and implementing its anti-corruption policies. During the Reporting Period, the Group was not involved in any litigation or corresponding penalties due to embezzlement, corruption and bribery.

Anti-corruption Policies

- The Group has formulated anti-corruption policies and established a reasonable internal control system to set out the management measures for corruption-sensitive segments and forbid its staff from obtaining benefits through illegal means; and
- The Group has included anti-commercial bribery and anti-corruption clauses in its contracts to ensure a transparent procurement process.

Anti-corruption Measures

The Group has established an anti-corruption organisation led by the internal control department of the Company.

- The person-in-charge of each of the departments is responsible for the implementation of anti-corruption measures within the department;
- The Group has established a rewarding anonymous reporting channel for any corruption to encourage whistle-blowing with strong protection for information about the whistle-blower; and
- The Group has organised anti-corruption publicity and education for its staff from time to time. During the Reporting Period, Directors and employees were required to self-study the anti-corruption related training materials.

Anti-corruption Handling

The Group conducted investigations into staff involved in corruption, which might be submitted to the law enforcement authorities depending on the seriousness of the case. We also complied with all applicable laws on prohibiting corruption and bribery of the PRC. There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

3. Community

B8. Community Investment

The Group is committed to creating friendship, care and respect among our community. With continuous efforts over the years, the Group has continued to develop and establish competition events with local relevance and higher standards, through which it has proactively fulfilled its corporate social responsibilities and contributed to the promotion of nationwide fitness. We firmly believe that the success of a company lies not only in its commercial achievements, but also in its positive impact on society.

To this end, the Group has established “Policies on Community Investment and Charity Management” stating out the approval procedures and responsibilities of each party for employees to follow and comply with. This policy aims to ensure the transparency and effectiveness of all public welfare and charitable activities, and to encourage employees to actively participate in community building, thereby promoting harmonious social development. We will continue to strengthen our connections with the community in an innovative and responsible way and contribute to social progress and sustainable development.

Promotion of Nationwide Fitness

- The Group developed and operated diversified and multi-level marathon events;
- The Group made voluntary promotion to the participants and audience of competitions through online promotion, and distribution of promotional materials at the event to enhance public awareness of nationwide fitness; and
- The Group reserved enrolment quota for the disabled in its marathon events to promote nationwide fitness among disadvantaged groups.

Directors' Report

The Directors are pleased to submit their annual report together with the audited financial statements for the year ended 31 December 2025.

GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 21 March 2012 and the shares of the Company (the “**Shares**”) have been listed on the Main Board of the Stock Exchange since 11 July 2013 (the “**Listing Date**”).

BUSINESS REVIEW

Principal Activities

The Group is a prominent sports culture group in the PRC engaged in the provision of events operation and marketing services, and sports services, in the PRC and Hong Kong with a special emphasis on the development and extension of the sports industry chain. The principal activities and other particulars of the Company's major subsidiaries are set out in Note 24 to the consolidated financial statements of this annual report.

For the detailed review of the Company's business, indication of further development in the Company's business and the Company's environmental policies and performance, please refer to the subsections headed “Group Overview” and “Outlook of the Industry and the Group” under the Management Discussion and Analysis section, and the section on Environmental, Social and Governance Report of this annual report, respectively.

PRINCIPAL RISKS AND UNCERTAINTIES

- Occurrence of major public health and safety emergencies, such as the novel coronavirus pneumonia outbreak negatively affects the Group. In order to avoid the spread of virus caused by crowded gathering, large-scale sports events will be cancelled or postponed for a long time, which will have negative impacts on the Company's business development and profitability.
- During the implementation of events, the Company needs to keep in touch with local governments, sports bureaus, television stations, suppliers, and sponsors frequently. In the communication process, unexpected temporary adjustment cases may happen, or the change of people in charge from the other sides may happen and cause obstructed communication. These situations may affect normal operation of events, increase the difficulty of implementation and bring risks to normal business operation of the Company.
- The success of the event organisation, management and promotion business depends on the Group's ability to source the agreements for the existing golf competitions and events organised and to introduce new sports competitions or business events. Therefore, the Group is subject to changes of strategies by those sports sponsors, as well as other uncertainties that could result in its failure to source the new agreements with those sports sponsors on commercially feasible terms, which in turn may have an adverse effect on the Group's ability to maintain the increase in its revenues and its profitability.

Financial Summary

A summary of the audited results and of the assets and liabilities of the Group for the last five financial years is set out on page 182 of this annual report. For further analysis using financial key performance indicators, please refer to the subsection headed “Financial Review” under the Management Discussion and Analysis section of this annual report.

EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in the Management Discussion and Analysis section, there is no occurrence of events that had a significant impact on the Group's operation, financial and trading prospects since 31 December 2025 up to the date of this annual report.

Compliance with the Relevant Laws and Regulations that have a Significant Impact on the Company (including Environmental Policies and Performance)

The Company complied with the relevant laws and regulations including environmental policies and performance that have a significant impact on the Company in the PRC and Hong Kong during the year ended 31 December 2025.

Relationships with Employees, Customers, Suppliers and Others

The Group has good relationships with its employees, customers and suppliers since its establishment.

Employees

Ongoing professional development is important to the employees given the competitive business environment in which the Group operates. To ensure employees can continue to cultivate skills and knowledge for the fulfillment of their duties and responsibilities, the Group has provided various training programs to its staff. Further information about training attended by the Group's employees and their remuneration package during the year ended 31 December 2025 is set out in the subsection headed "Employees" under the Directors, Senior Management and Employees section of this annual report.

Major Customers and Suppliers

The Group kept excellent relationships with customers and suppliers and had tried to develop a diversified customer and supplier base during the year ended 31 December 2025.

After the COVID-19 pandemic, with the recovery of the sports industry in the PRC, the Group expects that the reliance on the major customers and major suppliers will gradually reduce to a normal level in the future. However, the actual recovery rate of the business of the Group may be affected by the uncertainty in the macroeconomic environment. Nonetheless, during the Reporting Period, the Group has been maintaining close contact with customers and suppliers to ensure the normal operation of the events.

The Group's five largest customers are engaged in business ranging from the sports industry to the business industry. Among them, the Group has been in cooperative relationship with one of the major customers in the auto industry for 5 years. During the year ended 31 December 2025, the Group's five largest customers accounted for approximately 100% of the Group's total revenue from rendering of services and the Group's largest customer for the year accounted for approximately 55.41% of the Group's revenue from rendering of services. The Group has maintained a stable relationship with the largest customer since 2021.

The Group's five largest suppliers are engaged in business ranging from event hosting industry to manufacturing industry. Among them, the Group has maintained cooperation with a major supplier in the event hosting industry for many years. During the year ended 31 December 2025, the Group's five largest suppliers accounted for approximately 98.68% of the Group's total purchases, while the largest supplier for the year accounted for approximately 79.90% of the Group's total purchases.

To the knowledge of the Directors, none of the Directors or their respective close associates or any of the shareholders of the Company who owns more than 5% of the number of the issued shares of the Company has any interest in any of the Group's five largest customers or suppliers.

Directors' Report

RESULTS AND DIVIDENDS

Results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil). The Company did not declare payment of an interim dividend for the six months ended 30 June 2025.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 December 2025 are set out in Note 32 to the consolidated financial statements of this annual report.

RESERVES

Details of the movement in the reserves of the Company during the year ended 31 December 2025 are set out in Note 34 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law of the Cayman Islands, amounted to approximately RMB231,691,000.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company or applicable laws of the Cayman Islands where the Company was incorporated.

CHARITABLE DONATIONS

During the year ended 31 December 2025, the Company did not make any charitable donations.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the year ended 31 December 2025 are set out in Note 21 to the consolidated financial statements of this annual report.

BORROWINGS AND INTEREST

The Company had a borrowing of RMB5.00 million as at 31 December 2025.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company as disclosed in this annual report, the Company has not entered into any equity-linked agreements during the year ended 31 December 2025.

Directors' Report

EXCHANGE RATE

For the year ended 31 December 2025, the Group faced no major difficulties or impacts regarding its operations or capital flow due to the fluctuation of foreign exchange rate.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of his/her duty, or supposed duty, in his/her respective offices or trusts.

There is appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company.

DIRECTORS

As at the date of this Directors' Report, the information of the Directors is illustrated below:

Name	Title in the Company	Date of appointment
Ms. Ren Song	Chairlady and executive Director	23 January 2024
Ms. Zhang Panpan	Executive Director	16 September 2024
Ms. Zhang Yingzhao	Executive Director	23 January 2026
Ms. Gao Wenjuan	Independent non-executive Director	23 January 2024
Ms. Leung Hiu Man	Independent non-executive Director	30 April 2024
Mr. Wu Mingcong	Independent non-executive Director	9 September 2024
Ms. Peng Xiaoliu	Independent non-executive Director	9 September 2024

Independence Confirmation of the Independent Non-executive Directors

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

Biographies

The biographical details of Directors and senior management of the Company are set out in the section headed "Directors, Senior Management and Employees" of this annual report.

Directors' Remuneration

Details of the Directors' remuneration are set out in Note 17(a) to the consolidated financial statements of this annual report. The Directors' remuneration is determined with reference to their respective duties and responsibilities within the Company.

Directors' Report

Directors' Service Contracts

Executive Directors

Each of the executive Directors has entered into a service contract with the Company.

Ms. Ren Wen has entered into a service contract with the Company for the period commencing from 20 March 2018 to the date of the 2021 AGM and was further renewed for a period commencing from 20 March 2021 to the date of the 2024 AGM and was ceased on 29 July 2025.

Mr. Sheng Jie, who was appointed with effect from 2 January 2019, has entered into a service contract with the Company for a term of three years commencing from 2 January 2019 and was further renewed for a period of three years commencing from 2 January 2022 to 1 January 2025 and was ceased on 29 July 2025.

Mr. Wong Man Keung has entered into a service contract with the Company for a period of three years from 23 January 2024 and was ceased on 19 September 2025.

Ms. Ren Song has entered into a service contract with the Company for a period of three years from 23 January 2024.

Ms. Wang Jie has entered into a service contract with the Company for a period of one year from 30 April 2024, was renewed on the 2025 AGM and was ceased on 19 September 2025.

Mr. Chang Haisong has entered into a service contract with the Company for a period of one year from 30 April 2024, was renewed on the 2025 AGM and was ceased on 13 January 2026.

Ms. Zhang Panpan has entered into a service contract with the Company for a period of three years from 16 September 2024.

Ms. Zhang Yingzhao has entered into a service contract with the Company for a period of three years from 23 January 2026.

The remuneration of the executive Directors are as follows:

- (i) Ms. Ren Wen's emolument was adjusted to RMB15,000 plus HK\$101,000 per month since 1 December 2021;
- (ii) Mr. Sheng Jie's emolument was adjusted to RMB15,000 plus HK\$10,000 per month since 1 December 2021;
- (iii) Mr. Wong Man Keung's emolument is HK\$360,000 per year since 23 January 2024;
- (iv) Ms. Ren Song's emolument is HK\$300,000 per year since 23 January 2024;
- (v) Mr. Chang Haisong's emolument is HK\$360,000 per year since 30 April 2024;
- (vi) Ms. Wang Jie's emolument is HK\$360,000 per year since 30 April 2024;
- (vii) Ms. Zhang Panpan's emolument is HK\$360,000 per year since 15 September 2024; and
- (viii) Ms. Zhang Yingzhao's emolument is HK\$600,000 per year since 23 January 2026.

Directors' Report

Independent Non-executive Directors

Each of the existing independent non-executive Directors has entered into an appointment contract with the Company.

Ms. Gao Wenjuan has entered into a service agreement for a period of three years commencing from 23 January 2024.

Ms. Leung Hiu Man has entered into an appointment contract with the Company for a term of one year commencing from 30 April 2024.

Each of Mr. Wu Mingcong and Ms. Peng Xiaoliu has entered into an appointment contract with the Company for a term of three years commencing from 9 September 2024.

Each of the independent non-executive Directors is entitled to subsidies. Their subsidies are currently as follows:

- (i) Ms. Gao Wenjuan's subsidy was adjusted to HK\$20,000 per month since 23 January 2024; and
- (ii) Ms. Leung Hiu Man's subsidy was adjusted to HK\$30,000 per month from 30 April 2024.

Directors' Rights to Purchase Shares or Debentures of the Company

Save for the share options held by the Directors, at no time during the year ended 31 December 2025 were rights to acquire benefits by means of the acquisition of Shares or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Directors' Interest in Transactions, Arrangements or Contracts of Significance

Save as disclosed in the subsection headed "Connected Transactions and Structured Contracts" below and Note 42 to the consolidated financial statements of this annual report, no transactions, arrangements or contracts of significance to which the Company, or any of its subsidiaries, was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, existed during the year ended 31 December 2025.

Directors' Interest in Competing Business

None of the Directors or any of their respective associates had any interest in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group during the year ended 31 December 2025.

Change in Directors' Information

There is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the Company's 2024 Interim Report.

Directors' Report

DISCLOSURE OF INTERESTS

As at 31 December 2025, none of the Directors, chief executives of the Company and their respective associates had any personal, family, corporate or other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Interests and Short Positions of the Substantial Shareholders in the Shares and Underlying Shares of the Company

So far as is known to the Directors, as at 31 December 2025, according to the register of interest kept by the Company under section 336 of the SFO, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(i) Long position in the Shares

Name of substantial shareholder	Nature of interest	Number of Shares	Approximate percentage of shareholding interest [^]
Trust Co	Interest of controlled corporation	20,278,000 (L) (Note 1)	10.66%
Credit Suisse Trust Limited	Trustee	20,278,000 (L) (Note 1)	10.66%
Brock Nominees Limited	Nominee	20,278,000 (L) (Note 1)	10.66%
Tenby Nominees Limited	Nominee	20,278,000 (L) (Note 1)	10.66%
Queen Media	Beneficial owner	20,278,000 (L) (Note 1)	10.66%
HKND Limited	Beneficial owner	40,000,000 (L) (Note 2)	21.02%
Mr. Wang Zhihan	Interest of controlled corporation	40,000,000 (L) (Note 2)	21.02%
ND MEDICAL TECHNOLOGY LIMITED	Beneficial owner	31,000,000 (L) (Note 3)	16.29%
Ms. WU Meizhen	Interest of controlled corporation	31,000,000 (L) (Note 3)	16.29%

Remarks: The letter "L" denotes the person's long position in the Shares.

Note:

1. These 20,278,000 Shares were held by Queen Media. The entire issued share capital of Queen Media was owned by Trust Co, whose entire issued share capital was held as to 50% by Brock Nominees Limited and 50% by Tenby Nominees Limited. The entire issued share capital of Trust Co was the trust asset of the SKY Trust, which was founded by Ms. Ren Wen as settlor and managed by Credit Suisse Trust Limited as trustee for the SKY Trust, which was a trust established in accordance with the law of Guernsey. The discretionary beneficiaries of the SKY Trust included Ms. Ren Wen and her family members.
2. These 40,000,000 Shares were held by HKND Limited. The entire issued share capital of HKND Limited is held by Mr. Wang Zhihan.
3. These 31,000,000 Shares were held by ND MEDICAL TECHNOLOGY LIMITED. The entire issued share capital of ND MEDICAL TECHNOLOGY LIMITED is held by Ms. WU Meizhen.

[^] The percentage of interest in the Company is calculated by reference to the number of ordinary shares in issue as at 31 December 2024, that is 190,294,200 ordinary shares of the Company.

Save as disclosed above, as at 31 December 2025, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

Background

The Company conditionally adopted a share option scheme on 14 June 2013 for the purpose of recognizing and acknowledging the contributions the eligible participants had or may have made to the Group, which became effective on the Listing Date. The share option scheme was valid and effective for a period of 10 years from the date of its adoption and expired on 14 June 2023 (the “**Expired Share Option Scheme**”). The following is a summary of the principal terms of the Expired Share Option Scheme.

(a) Who may join

The Board may, at its discretion, grant options (the “**Option(s)**”) pursuant to the terms of the Expired Share Option Scheme to the substantial shareholders, Directors (including executive Directors, non-executive Directors and independent non-executive Directors), the directors of the Company’s subsidiaries, employees of the Group and any other persons (including consultants or advisers) whom the Board considers, in its absolute discretion, have contributed or will contribute to the Group.

(b) Maximum number of Shares and entitlement to each participant

The maximum number of Shares in respect of which Options may be granted under the Expired Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following the completion of the Global Offering (as defined in the Prospectus), being 160,000,000 Shares, unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Articles of Association of the Company, the Listing Rules and/or any other applicable laws and regulations from time to time.

The total number of Shares issued and to be issued upon exercise of Options granted to any participant under the Expired Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of Option in excess of such limit must be separately approved by shareholders in general meeting with such grantee and his/her associates abstaining from voting.

(c) Grant of Options

An offer for the grant of Options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an Option to the Company on acceptance of the offer is HK\$1.00.

(d) Timing of exercise of Options

There is no minimum period prescribed under the terms of the Expired Share Option Scheme for which an Option must be held before it can be exercised, and the period during which an Option may be exercised will be determined by the Board in its absolute discretion. However, no Options shall be exercised 10 years after they have been granted.

(e) Subscription price

The subscription price of a Share in respect of a particular Option shall be not less than the highest of (a) the official closing price of the Shares on the daily quotation sheet of the Stock Exchange on the date of grant; (b) the average official closing price of the Shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share.

Directors' Report

(f) Life of the Expired Share Option Scheme

With effect from 1 January 2024, Chapter 17 of the Listing Rules has been amended. As provided under the transitional arrangements under the amended Chapter 17 of the Listing Rules, the Company was allowed to continue to make grants to participants eligible under the Expired Share Option Scheme until the refreshment or expiry of the existing scheme mandate, upon which the Company will be required to amend the terms of the scheme to comply with the amended Chapter 17 of the Listing Rules and seek shareholders' approval for a new scheme mandate.

The Expired Share Option Scheme was in force for a period of ten years commencing on the date of adoption (i.e. 14 June 2013) and expired on 14 June 2023. In particular, all Options granted before the end of such period shall continue to be valid and exercisable after the end of such period in accordance with the terms of the Expired Share Option Scheme. No further Options will be granted under the Expired Share Option Scheme after its expiration.

Save as disclosed above, as at 31 December 2025 and up to the date of this report, the Company has not adopted any share schemes (as defined under Chapter 17 of the Listing Rules).

Options granted

Options granted on 23 May 2014

The Options to subscribe for a total of 1,210,000 Shares were granted under the Expired Share Option Scheme on 23 May 2014 to employees of the Group. The exercise price of the Options granted is HK\$3.92 per Share and the closing price of the Shares immediately before the date on which the Options were granted was HK\$4.01. Pursuant to the terms of the grant of such Options, 25% of the Options became exercisable on each of 23 May 2015, 23 May 2016, 23 May 2017 and 23 May 2018, respectively, subject to the satisfaction of the individual performance assessment of the grantees for the relevant years. For details, please refer to the announcement of the Company dated 23 May 2014.

For the year ended 31 December 2025, all Options granted on 23 May 2014 have been lapsed.

Options granted on 29 May 2015

The Options to subscribe for a total of 2,500,000 Shares were granted under the Expired Share Option Scheme on 29 May 2015 to employees of the Group. The exercise price of the Options granted is HK\$8.036 per Share and the closing price of the Shares immediately before the date on which the Options were granted was HK\$7.95. Pursuant to the terms of the grant of such Options, 25% of the Options became exercisable on 29 May 2016, 29 May 2017, 29 May 2018 and 29 May 2019, respectively, subject to the satisfaction of the individual performance assessment of the said grantees for the relevant years. For details, please refer to the announcement of the Company dated 29 May 2015.

For the year ended 31 December 2025, all Options granted on 29 May 2015 have been lapsed.

Options granted during the year ended 31 December 2025

No Option was granted by the Company during the year ended 31 December 2025.

Directors' Report

Movement during the year ended 31 December 2025

Particulars of the outstanding Options under the Expired Share Option Scheme from 1 January 2025 to 31 December 2025 and Options granted, exercised, cancelled, forfeited or lapsed during such period are as follows:

Identity/ Category of participant	Exercise price per Share	Vesting date and exercise period	Balance as at 1 January 2025	Vested and granted during the period	Exercised during the period	Cancelled/ Forfeited/ Lapsed during the period	Balance as at 31 December 2025	Price per	Price per Share on exercise date
								Share immediately before the date of grant	
Ms. Hao Bin	HK\$80.36	From the date the exercise conditions are met to 28 May 2025 ¹	15,000	-Nil-	-Nil-	(15,000)	-	HK\$79.50	N/A ²
Total			15,000	-Nil-	-Nil-	(15,000)	-		

Notes:

- Such Options shall be exercisable subject to the satisfaction of the individual performance assessment of the respective grantees for the relevant years. For details of the vesting schedule, please refer to the subsection headed "Share Option Scheme – Options granted" above.
- No Option had been exercised during the year ended 31 December 2025.

SHARE AWARD SCHEME

Background

Reference is made to the circular of the Company dated 18 June 2025 (the "Share Award Circular"). Unless otherwise defined herein, capitalised terms used in this report shall have the same meanings as those defined in the Share Award Circular. The Company adopted a share award scheme on 8 July 2025 for the purpose of recognizing and acknowledging the contributions the eligible participants had or may have made to the Group, which became effective on the same date. The share award scheme was valid and effective for a period of 10 years from the date of its adoption and will expire on 7 July 2035 (the "Share Award Scheme"). The following is a summary of the principal terms of the Share Award Scheme.

Participants

The Administration may, from time to time, select any Eligible Participant to be a Selected Participant, grant an Award to such Selected Participant during the Scheme Period, and determine the terms and conditions of the Awards and the vesting of Award Shares. Eligible Participants include Employee Participants, Related Entity Participant, and Service Provider, provided that it is not an Excluded Participant. In assessing the eligibility of Employee Participants, the Administration will take into account, without limitation, (i) the experience, technical expertise and qualification, level of responsibilities of the Employee Participant in relation to the Group's business; (ii) the financial condition and short-term and long-term objectives of the Group; (iii) the current remuneration packages of the Employee Participant; (iv) prevailing market practice and industry standard; and/or (v) the amount of participation including but not limited to the years of service provided to the Group, support, efforts, contributions and positive impact the Employee Participant has made/given, or could potentially make/give in the future, to the Group and/or towards the success of the Group.

Directors' Report

Eligibility of each Related Entity Participant will be considered on a case by case basis based on factors including the years of service provided to the Group, the participation, support, efforts, contribution and positive impact to the Group's business, prospects and development, and potential acquisition or joint venture targets. Eligibility of the Service Provider will be considered on a case by case basis:

Suppliers of services

Service Providers under this category comprises suppliers of services (including agents, advisers and consultants) in relation to the Group's principal activities, operations and development, in particular, in the following fields: marketing, market trend and sales including not limited to the marketing related to the provision of events operation and marketing services, and sports services, in the PRC and Hong Kong with a special emphasis on the development and extension of the sports industry chain; human resources and recruitment; corporate services; quality control; intellectual property rights and technical know-how; investigation; compliance; expansion and development strategy and regulatory considerations; corporate image, media, investor and external relationship. For the avoidance of doubt, Service Providers include independent contractors, consultants, agents, advisers and suppliers engaged to provide services to any members of the Group, but exclude (i) placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, and (ii) professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity. Also, it is considered that including the independent non-executive Directors (the "INEDs") as Employee Participants can enhance the alignment of their interests with those of the Company and its shareholders.

(a) Maximum number of Shares and entitlement to each participant

The total number of new Shares (the Scheme Mandate Limit) which may be issued and allotted upon exercise of all share options and grant of share awards under the Scheme and any other share option schemes and share award schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue (excluding treasury Shares, if any) as at the Adoption Date (being 19,029,420 Shares subject to adjustment in the case of any consolidation or subdivision of shares of the Company thereafter) or as at the date of approval of the refreshment of the Scheme Mandate Limit by Shareholders in general meeting, whichever is later. The Scheme Mandate Limit may be "refreshed" with the approval of the Shareholders in general meeting, provided that no refreshment shall take effect within three years after the Adoption Date or the effective date of a previous refreshment unless the Company complies with rules 17.03C(1)(b) and (c) of the Listing Rules. The Scheme Mandate Limit as refreshed shall not exceed 10% of the Shares in issue (excluding treasury shares) as at the relevant date of such approval. Options previously granted under the 2025 Share Option Scheme and options and awards granted under other schemes (including those outstanding, cancelled or lapsed in accordance with such schemes or those exercised) shall not be counted for the purpose of calculating the limit as refreshed (if any).

Within the Scheme Mandate Limit, the total number of new Shares which may be awarded in respect of all share options and grant of share awards under the Scheme and any other share award schemes and share option schemes of the Company to the Service Providers shall not in aggregate exceed 1% of the total number of Shares in issue (excluding Treasury Shares, if any) as at the Adoption Date (being 1,902,942 Shares, subject to adjustment in the case of any consolidation or subdivision of shares of the Company thereafter) unless Shareholders' approval has been obtained otherwise in accordance with the Listing Rules.

Vesting Period and conditions

Subject to the Listing Rules, the Administration may from time to time while the Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions (including but not limited to Performance Targets) or periods for the Award to be vested hereunder. Upon the satisfaction (or waiver) of all such terms and conditions, an Award will vest on the Vesting Date in the Grant Instrument, upon which the relevant number of Award Shares will be transferred and/or issued to the Selected Participant.

The Vesting Date in respect of any Award shall not be a date which is within 12 months from the Grant Date, provided that for Employee Participants, the Administration may in its absolute discretion determine that the Vesting Date may be less than 12 months from the Grant Date (including on the Grant Date) in the following circumstances where:

- (a) grants of "make whole" Awards to new joiners to replace share awards or options they forfeited when leaving their previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- (c) grants with performance-based vesting conditions in lieu of time-based vesting criteria;
- (d) grants that are made in batches during a year for administrative and compliance reasons, which include Awards that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Award would have been granted;
- (e) grants with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of 12 months; and
- (f) grants with a total vesting and holding period of more than 12 months.

Performance targets

The Administration may impose any performance targets as it deems appropriate with respect to the entitlement of a Selected Participant to an Award. Such performance targets may be a combination of qualitative and quantitative requirements that are established and measured based on, without limitation, appraisal report or job review of a Selected Participant, performance (such as sales, profit, growth targets) of the Group, particular member(s) of the Group, product lines, functional departments, projects, geographical area and/or a Selected Participant, or other indicators to be prescribed in a Grant Instrument. For the avoidance of doubt, any grant of Awards to an independent non-executive Director is not subject to any performance targets.

No share award was granted during the year ended 31 December 2025.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, for the year ended 31 December 2025 and as at the Latest Practicable Date, the Company has maintained sufficient public float as required under the Listing Rules.

NON-COMPETITION UNDERTAKINGS AND CONTRACTS OF SIGNIFICANCE

As disclosed in the Prospectus, Ms. Ren Wen and Queen Media, the controlling shareholders of the Company, have undertaken to avoid being engaged in or taking part in the business which may compete with the principal business of the Company.

The Company's independent non-executive Directors have reviewed the compliance of the controlling shareholders with the deed of non-competition dated 24 June 2013 and are of the view that each of Ms. Ren Wen and Queen Media has complied with the above undertakings during the year ended 31 December 2025.

Save for the structured contracts described in the subsection headed "Connected Transactions and Structured Contracts" below, there were no contracts of significance between the Company, or any of its subsidiaries, and the controlling shareholders or any of their subsidiaries during the year ended 31 December 2025. There were also no contracts of significance for the provision of services to the Company, or any of its subsidiaries, by the controlling shareholders or any of their subsidiaries.

CONNECTED TRANSACTIONS AND STRUCTURED CONTRACTS

Background

As the business operation of Beijing Wisdom Media constitutes business activities which are subject to prohibition or restriction on foreign investment under the PRC laws (the "**Restricted Business**"), the Company cannot acquire equity interest in Beijing Wisdom Media. As a result, the Group has entered into a series of contracts (the "**Structured Contracts**") designed to provide Beijing Wisdom Sports, and thus the Group with effective control over Beijing Wisdom Media and, to the extent permitted by the PRC law and regulations, grant the right to the Group to acquire the equity interests in Beijing Wisdom Media upon the listing. The Structured Contracts were entered into on 24 June 2013 pursuant to which all material business activities of Beijing Wisdom Media are instructed and supervised by Beijing Wisdom Sports and all economic benefits and risks arising from the business of Beijing Wisdom Media are transferred to the Group. The Structured Contracts constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Directors' Report

Operating entities of the Group controlled through the Structured Contracts

During the year ended 31 December 2025, the following are operating entities of the Group controlled through the Structured Contracts:

- (i) Beijing Wisdom Media, a limited liability company incorporated in the PRC and principally engaged in investment holding in the PRC; and
- (ii) First AI Sports, a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in the service provision for the live broadcasting of large-scale tournaments and marathon timing.

Registered owners of Beijing Wisdom Media

As at 31 December 2025, the registered shareholders of Beijing Wisdom Media are as follows:

Name of shareholder	Number of shares held	Shareholding percentage
Ren Wen (任文)	54,924,000	91.54%
Sheng Jie (盛杰)	5,076,000	8.46%
Total	60,000,000	100%

Major terms of the Structured Contracts

The Structured Contracts currently in force comprise five agreements namely: (i) the exclusive consulting and service agreement; (ii) the exclusive business operating agreement; (iii) the share pledge agreement; (iv) the exclusive option agreement; and (v) the powers of attorney, which were entered into between/among Beijing Wisdom Sports, Beijing Wisdom Media and/or the existing shareholders of Beijing Wisdom Media. Details of the respective salient terms of the five agreements are as follows:

- **Exclusive consulting and service agreement**

Beijing Wisdom Sports and Beijing Wisdom Media entered into an exclusive consulting and service agreement dated 24 June 2013, pursuant to which Beijing Wisdom Sports shall, on an exclusive basis, provide Beijing Wisdom Media with consulting and other related services. Pursuant to the agreement, Beijing Wisdom Sports shall, amongst other things, (i) form strategically co-operative relationship and share the clients' data with Beijing Wisdom Media and promote its business; (ii) provide marketing services and advisory services in respect of the television program production business and pro-actively seek opportunities for Beijing Wisdom Media in respect of the advertising business and sports-related business and submit joint bids with Beijing Wisdom Media for the provision of media services; (iii) provide staff training; (iv) provide the development and transfer of technology and advisory services in respect of the technology; (v) provide public relations services; (vi) provide market research, analysis and advisory services in respect of the PRC and overseas marketing communications industry; and (vii) provide mid-short term marketing development and marketing planning service.

Directors' Report

The service fee to which Beijing Wisdom Sports is entitled to receive under the agreement shall represent the total revenue of Beijing Wisdom Media, after deducting all operational costs and relevant applicable taxes.

The agreement has become effective on 24 June 2013 and shall continue to be in full force and effect until and unless it is terminated by Beijing Wisdom Sports by giving Beijing Wisdom Media a 30 days' prior written notice of termination. Beijing Wisdom Media shall have no right to terminate the agreement.

- ***Irrevocable power of attorney***

All of the shareholders of Beijing Wisdom Media executed an irrevocable power of attorney dated 24 June 2013, which enables the Company and the directors of the Company and their successors to exercise all the powers of the shareholders (including their successors and transferees) of Beijing Wisdom Media. Pursuant to the irrevocable power of attorney, the Company and the directors of the Company and their successors shall exercise rights of all of the shareholders of Beijing Wisdom Media including but not limited to right to propose a general meeting, rights of voting, sale or transfer of all or part of their interests in Beijing Wisdom Media, signing minutes and filing documents with relevant companies registry.

The Company has the power to designate the person as nominated by the executive directors of the Company or the board of directors of the Company to exercise the rights to the Company under the irrevocable power of attorney.

The irrevocable power of attorney has become effective on 24 June 2013 and shall continue to be in full force and effect until the termination of the exclusive business operating agreement.

- ***Exclusive business operating agreement***

Beijing Wisdom Sports, Beijing Wisdom Media and all of its shareholders (including their successors and transferees) entered into an exclusive business operating agreement dated 24 June 2013, pursuant to which Beijing Wisdom Media agreed, and all of the aforesaid shareholders agreed to cause Beijing Wisdom Media and its subsidiaries, not to enter into any transaction which might substantially affect Beijing Wisdom Media's assets, business, employees, rights, obligations or operations unless prior written approval of Beijing Wisdom Sports or its designated wholly-owned subsidiary of the Company have been obtained. Pursuant to the agreement, all of the shareholders of Beijing Wisdom Media agreed to, amongst other things, appoint candidate(s) nominated by Beijing Wisdom Sports as director(s) of Beijing Wisdom Media and transfer the bonus, distributable dividend, any other income or interest receivable by them at nil consideration to Beijing Wisdom Sports.

The agreement has become effective on 24 June 2013 and shall continue to be in full force and effect until and unless it is terminated by Beijing Wisdom Sports by giving all shareholders of Beijing Wisdom Media a 30 days' prior written notice of termination. Beijing Wisdom Media shall have no right to terminate the agreement.

- ***Exclusive option agreement***

Beijing Wisdom Sports, Beijing Wisdom Media and all of its shareholders (including their successors and transferees) entered into an exclusive option agreement dated 24 June 2013, pursuant to which all of the shareholders of Beijing Wisdom Media agreed to grant an irrevocable option to Beijing Wisdom Sports for it or its designated wholly-owned subsidiary of the Company to acquire all or any of their equity interests in Beijing Wisdom Media in compliance with the terms of the agreement.

Directors' Report

Pursuant to the agreement, Beijing Wisdom Media has undertaken to perform certain acts or refrain from performing certain other acts in relation to its business operation, carrying out of corporate actions and entry into transactions, unless it has obtained prior approval from Beijing Wisdom Sports or its designated wholly-owned subsidiary of the Company.

Pursuant to the agreement, all of the shareholders of Beijing Wisdom Media have also undertaken to, amongst other things, maintain all of their rights of equity interests in Beijing Wisdom Media and to sign such documents and take such actions as necessary or appropriate to preserve such rights.

The agreement has become effective on 24 June 2013 and shall continue to be in full force and effect until and unless it is terminated by Beijing Wisdom Sports by giving Beijing Wisdom Media and all of its shareholders a 30 days' prior written notice of termination. Neither of Beijing Wisdom Media nor any of its shareholders shall have any right to terminate the agreement.

- ***Share pledge agreement***

Beijing Wisdom Sports and all of the shareholders (including their successors and transferees) of Beijing Wisdom Media entered into a share pledge agreement dated 24 June 2013, pursuant to which all of the shareholders of Beijing Wisdom Media agreed to pledge their equity interests in Beijing Wisdom Media to Beijing Wisdom Sports to secure the performance of all of the obligations of Beijing Wisdom Media and/or all of its shareholders under the aforesaid exclusive business operating agreement and exclusive consulting and service agreement.

Pursuant to the agreement, all of the shareholders of Beijing Wisdom Media have undertaken to Beijing Wisdom Sports, amongst other things, not to transfer the equity interests in Beijing Wisdom Media (save and except the transfer of shares to Beijing Wisdom Sports or its designated wholly-owned subsidiary of the Company), not to create or allow any guarantee or pledge to be created thereon that may affect the rights and interest of Beijing Wisdom Sports and to comply with all applicable PRC laws and regulations in relation to the share pledge.

Under the agreement, if the shareholders of Beijing Wisdom Media have defaulted on the terms of the agreement, Beijing Wisdom Sports may exercise its rights to acquire the equity interests in Beijing Wisdom Media in accordance with the terms of the agreement, unless all of the shareholders of Beijing Wisdom Media have cured such default or have taken remedial actions as necessary.

The agreement shall be in full force and effect until and unless it is terminated by Beijing Wisdom Sports by giving all of the shareholders of Beijing Wisdom Media a 30 days' prior written notice of termination. None of the shareholders of Beijing Wisdom Media shall have any right to terminate the agreement.

Reasons for using the Structured Contracts and the significance to the Group

The business operations of Beijing Wisdom Media involve the production of television programs and it currently holds a television program production licence. Such business is subject to foreign investment restrictions under the applicable PRC laws. As such, the Group cannot acquire the equity interest in Beijing Wisdom Media. Having regard to such foreign investment restrictions, the Structured Contracts were designed to provide Beijing Wisdom Sports and, thus the Group, with effective control over the financial and operational policies of Beijing Wisdom Media and (to the extent permitted by PRC laws and regulations) the right to acquire the equity interest in Beijing Wisdom Media.

Directors' Report

Revenue and assets subject to the Structured Contracts

The revenue, net profit and total assets subject to the Structured Contracts are set out as follows:

	Year ended/As at 31 December			
	2025		2024	
	(RMB'000)	% of total of the Group	(RMB'000)	% of total of the Group
Revenue subject to the Structured Contracts	0	0%	0	0%
Net loss subject to the Structured Contracts	0	0%	(8,322)	15.8%
Total assets subject to the Structured Contracts	Nil	N/A	301,853	52.4%

As a net loss subject to the Structured Contracts of Nil (2024: RMB8,322,000) was recognised for the year ended 31 December 2025, the service fee which Beijing Wisdom Sports is entitled to receive for the year ended 31 December 2025 was Nil (2024: Nil).

Risks associated with the Structured Contracts

The risks associated with the Structured Contracts were set out on pages 34 to 38 of the Prospectus and are highlighted as follows:

- if the PRC government finds that the agreements that establish the structure for operating the services of the Group in the PRC do not comply with PRC governmental restrictions on foreign investment in television program production, or if these regulations or the interpretation of existing regulations change in the future, the Group could be subject to severe penalties or be forced to relinquish its interests in those operations;
- the Group relies on contractual arrangements with Beijing Wisdom Media and its subsidiaries for its operations in the PRC, which may not be as effective in providing operational control as direct ownership;
- any failure by Beijing Wisdom Media and its subsidiaries or their respective shareholders to perform their obligations under their contractual arrangements with the Group would have a material adverse effect on the business and financial condition of the Group;
- contractual arrangements that subsidiaries of the Group have entered into with Beijing Wisdom Media may be subject to scrutiny by the PRC tax authorities and a finding that the Group or Beijing Wisdom Media and its subsidiaries owe additional taxes could substantially reduce the combined net income of the Group and the value of the investment by the Company's shareholders;
- the shareholders, directors and executive officers of Beijing Wisdom Media and its subsidiaries may have potential conflicts of interest with the Company, which may materially and adversely affect the business of the Group;

Directors' Report

- the Group may rely on dividends and other distributions on equity paid by the Group's PRC subsidiaries to fund any cash and financing requirements the Group may have. Any limitation on the ability of the PRC subsidiaries to pay dividends to the Group could have a material adverse effect on the Group's ability to conduct its business; and
- PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent the Group from using the proceeds of the global offering of the Company to make loans to the PRC subsidiaries and Beijing Wisdom Media and its subsidiaries or to make additional capital contributions to the PRC subsidiaries of the Group, which may materially and adversely affect the liquidity of the Group and the ability of the Group to fund and expand its business.

In light of the above risks associated with the Structured Contracts, the Group has adopted a set of procedures, systems and internal control measures to ensure the sound and effective operation of the Group and the implementation of the Structured Contracts. Such procedures, systems and internal control measures include (i) regular discussions (on a no less frequent than a quarterly basis) of matters relating to compliance and regulatory enquiries from governmental authorities, if any, by the board of directors of the Company at regular and extraordinary board meetings; (ii) regular report (on a no less frequent than a monthly basis) by relevant business units and operation divisions of the Group to the senior management of the Company in relation to the compliance and performance conditions under the Structured Contracts and other related matters; (iii) regular report by the senior management of the Company to the Board on any non-compliance issues; (iv) retaining legal adviser and/or other professional to assist the Group to deal with specific issues arising from the Structured Contracts, if so required; and (v) regular review on an annual basis by the independent non-executive directors of the Company on the compliance of the Structured Contracts and confirmation of the same being disclosed in the annual reports of the Company.

In addition, to address the risk of potential conflicts of interest of certain shareholders, directors and executive officers of Beijing Wisdom Media and its subsidiaries who are also directors of the Company, it has been provided for under the exclusive business operating agreement that all of the shareholders of Beijing Wisdom Media had agreed to give priority to, and not to cause any damage to, the interests of Beijing Wisdom Sports and the Company if there are any potential conflicts of interest amongst Beijing Wisdom Sports, the Company, Beijing Wisdom Media and its shareholders. Ms. Ren Wen, being the chairlady of the Company, has been appointed as the chairlady of the board of directors of Beijing Wisdom Media and has taken up the leading role in the governance of implementation of the financial and operating policies in respect of Beijing Wisdom Media in order to ensure that Beijing Wisdom Media will be managed and operated according to the Group's policies and the terms of the Structured Contracts.

Change of circumstances

There had been no material change in the arrangements under the Structured Contracts and/or the circumstances under which they were adopted. As of the date of this report, the foreign investment restrictions which gave rise to the arrangements under the Structured Contracts are still in existence.

Directors' Report

Opinion of the Directors

The Directors (including the independent non-executive Directors) consider that the Structured Contracts and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and are on normal commercial terms after arm's length negotiation, and consider that the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the shareholders as a whole.

Pursuant to Rule 14A.42(3) of the then effective Chapter 14A of the Listing Rules (now Rule 14A.105 of the Listing Rules), the Company has applied to the Stock Exchange, and the Stock Exchange has granted a waiver from strict compliance with (i) announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Structured Contracts; (ii) the requirement of setting a maximum aggregate annual value (i.e. an annual cap) for the fees payable to Beijing Wisdom Sports under the Structured Contracts; and (iii) the requirement of limiting the term of the Structured Contracts to three years or less.

The independent non-executive Directors have reviewed the above connected transactions and confirmed that these continuing connected transactions have been entered into:

- (1) in the ordinary and usual course of business of the Company;
- (2) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to the Company than those available to or provided from (as appropriate) independent third parties; and
- (3) in accordance with relevant agreements governing them that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The independent non-executive Directors also confirmed that since the Listing Date and up to 31 December 2025:

- (1) the continuing connected transactions under the Structured Contracts have been entered into in accordance with the relevant provisions of the Structured Contracts, so that the revenue generated by Beijing Wisdom Media has been mainly retained by the Group;
- (2) no dividends or other distributions have been made by Beijing Wisdom Media to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group; and
- (3) no new contract was entered into to renew or reproduce the framework of the Structured Contracts.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions of the Group undertaken in the normal course of business are provided under Note 42 to the consolidated financial statements of this annual report, and none of which constitutes a disclosable connected transaction or continuing connected transaction as defined under Chapter 14A of the Listing Rules.

CORPORATE GOVERNANCE

The principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 16 to 32 of this annual report.

ENVIRONMENTAL POLICIES AND SUSTAINABLE DEVELOPMENT

The environmental policies of the Group and its performance for the year ended 31 December 2025 are set out in the Environmental, Social and Governance Report on pages 33 to 69 of this annual report.

AUDITOR

Infinity CPA Limited has been appointed as the auditor of the Company with effect from 7 August 2024 subsequent to the resignation of Elite Partners CPA Limited. For further details regarding the change of auditor, please refer to the Company's announcement dated 7 August 2024. The consolidated financial statements of the Company for the year ended 31 December 2024 had been audited by Infinity CPA Limited.

Prism Hong Kong Limited has been appointed as the auditor of the Company with effect from 18 December 2025 subsequent to the resignation of Infinity CPA Limited. For further details regarding the change of auditor, please refer to the Company's announcement dated 18 December 2025, the circular of the Company dated 28 January 2026 and the poll result announcement of the Company dated 13 February 2026. The consolidated financial statements of the Company for the year ended 31 December 2025 had been audited by Prism Hong Kong Limited.

Prism Hong Kong Limited shall retire at the forthcoming AGM and a resolution for the re-appointment of Prism Hong Kong Limited as auditor of the Company will be proposed at the AGM.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and with terms of reference in compliance with the code provisions of the CG Code for the purpose of reviewing the financial information, providing supervision on the financial reporting system, the risk management and internal control systems (including the Anti-corruption Policy and Whistleblowing Policy of the Company) as well as the effectiveness of the internal audit function of the Group.

As at the date of this annual report, the Audit Committee comprises three members, namely Ms. Leung Hiu Man (chairlady), Ms. Gao Wenjuan and Ms. Peng Xiaoliu, all being independent non-executive Directors.

The Audit Committee communicated with the external auditor of the Company to discuss the review process and accounting issues of the Company. The Audit Committee, together with the management of the Company, has reviewed the audited consolidated financial results of the Group for the year ended 31 December 2025 and considers that the results are in compliance with generally accepted accounting principles as well as the applicable laws and regulations.

TAX RELIEF AND PROFESSIONAL TAX ADVICE RECOMMENDED

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities. If any shareholder is unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, it is advised to consult an expert.

CLOSURE OF REGISTER OF MEMBERS

The AGM of the Company is expected to be held on Tuesday, 30 June 2026. In order to determine the shareholders who will be qualified for attending and voting at the AGM, the register of members of the Company will be closed from Thursday, 25 June 2026 to Tuesday, 30 June 2026, both days inclusive. To be eligible to attend and vote at the AGM, all completed transfer document(s) together with the relevant share certificate(s) must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 24 June 2026 for registration.

On behalf of the Board

Ren Song

Chairlady and Executive Director

Hong Kong, 30 March 2026

Directors, Senior Management and Employees

BIOGRAPHIES

Biographies of each member of the Board and senior management are set out below:

Executive Directors

Ms. Ren Song (任松女士), aged 48, graduated with a bachelor's degree in economic management. Ms. Ren has extensive experience in organizing, promoting and operating of large scales events. In 1998, Ms. Ren served at NARI Group Corporation and was responsible for team training. Since then, Ms. Ren has been working in the management role and has outstanding performance in relation to human resource management, administration, marketing, operations, financing and government relations. Ms. Ren has also won various industry awards for her companies over the years. Ms. Ren has rich experience in organizing and promoting large-scale events. In recent years, Ms. Ren has started to collaborate with many world organizations, such as the United Nations Industrial Development Organization, the World Health Organization, the World Wildlife Fund, etc. to co-organize large-scale events and is fully responsible for the preparation of the preparation, operation and promotion work.

Ms. Zhang Panpan (張盼盼女士), aged 34, graduated with a Advanced Diploma in Tourism Management. Ms. Zhang has extensive working experience in project management and education. She worked as Project General Manager at Hong Kong Economic (Shenzhen) Education Technology Co., Ltd from 2023 to 2024, where she was responsible for collaborating with domestic and international golf clubs, organizing golf competitions, and establishing strategic partnerships with several well-known golf courses and golf equipment distributors to provide customers with high-quality services in major cities in China. From 2022 to 2023, she served as Assistant Project General Manager at Gangxin (Shenzhen) Education Consulting Co., Ltd, primarily responsible for the recruitment, maintenance, and management of golf club members. From 2015 to 2022, she worked as Assistant Project General Manager at Henan Hengnian Education Consulting Co., Ltd., where she was responsible for the recruitment and delivery of courses for the Business School's Entrepreneur Program. Additionally, she worked as Assistant to the Chairman at Henan Oak Real Estate Co., Ltd. from 2014 to 2015, where she assisted the chairman in facilitating meetings, handling documentation, and ensuring smooth business operations.

Ms. Zhang Yingzhao (張瀛釗女士), aged 27, obtained her master's degree in Education for Development and Global Learning from University College London in 2022 and her Bachelor's degree in Economic and Social Studies from The University of Manchester in 2020. Ms. Zhang has extensive working experience in executive support, business coordination, marketing communications and partnership development. She currently serves as the Executive Secretary of the Beijing Alumni Association of Cheung Kong Graduate School of Business* (長江商學院北京校友會) since 2025, where she was responsible for alumni event planning and execution, publicity and content creation, community operations, as well as coordination and resource linkage among alumni enterprises. From 2024 to 2025, she worked as the assistant to the Chairman at China International Futures Co., Ltd.* (中國國際期貨有限公司), where she contributed to property leasing, assisted with sales initiatives, facilitated partnerships with major hotel brands, and managed strategic project collaborations aimed at expanding the market presence. From 2023 to 2024, she served as a Partner at Hong Kong Blue Dream Co., Limited* (香港藍夢食品有限公司), where she was responsible for client acquisition, and maintaining relationships with existing customers, successfully implementing strategies to drive sales and enhance customer loyalty. From 2021 to 2022, she worked as a Strategic Partnership Manager at Beijing Nebula Technology Co., Ltd.* (北京奈百樂科技有限公司), where she was responsible for marketing and social media operations, event hosting, data analysis and business partnership development.

Directors, Senior Management and Employees

Independent Non-executive Directors

Ms. Gao Wenjuan (高文娟女士), aged 37, graduated from Huazhong University of Science and Technology with a bachelor's degree in journalism. Ms. Gao has extensive experience in auditing, accounting and consulting. Since 2010, Ms. Gao has started working in finance, taxation and auditing practices. Ms. Gao has extensive financial knowledge given her management experience in various well-known domestic consulting and management companies of which she is mainly responsible for auditing of Hong Kong enterprises. Her rich experience in the auditing requirements of both mainland and Hong Kong can provide useful consulting advice to the Company.

Ms. Leung Hiu Man (梁曉文女士), aged 38, graduated from the University of Gloucestershire in 2013 with a BA (Hons) degree in Accounting and Financial Management studies. She has over 10 years of accounting work experience.

Ms. Peng Xiaoliu (彭小留女士), aged 32, obtained a bachelor's degree in arts from Shenzhen University in 2015. She is a professional with nearly 8 years of experience in financial media and capital market information. She is currently the Chief Content Officer at Jiangsu Damo Information Industry Co., Ltd. and is responsible for writing and editing various types of materials and documents regarding the latest developments in the financial market, trusts, securities, asset management, mergers and acquisitions, and fintech. She is also involved in formulating and executing content marketing strategies to enhance brand awareness and participates in the formulation and execution of group strategies, conducting in-depth research on cutting-edge fields such as fintech, life sciences, and artificial intelligence. She cultivates an international and forward-looking market perspective and provides feasible suggestions for the company's brand building and strategic development. From 2016 to 2019, she was a financial editor specializing in securities analysis, primarily responsible for writing original financial analysis articles and reporting on-site news during the announcement conferences of publicly listed companies.

Senior Management

Ms. Ren Song (任松女士), our Chairlady and executive Director. For Ms. Ren Song's biography, please refer to the subsection headed "Executive Directors" above.

Ms. Zhang Panpan (張盼盼女士), our executive Director. For Ms. Zhang's biography, please refer to the subsection headed "Executive Directors" above.

Ms. Zhang Yingzhao (張瀛釗女士), our executive Director. For Ms. Zhang's biography, please refer to the subsection headed "Executive Director" above.

Company Secretary

Mr. Wong Ka Sing (黃家昇先生), our company secretary appointed by the board with effect from 31 July 2024. Mr. Wong, graduated with a degree of Master in Finance from University of Hong Kong and a degree of Bachelor of Business Administration in Accountancy from City University of Hong Kong. Mr. Wong is currently a member of the Hong Kong Institute of Certified Public Accountants and is also a licensed person registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") to carry out Type 6 (advising on corporate finance) regulated activity. He has extensive experience in the areas of accounting, auditing and corporate finance. He is currently (i) the executive director and the responsible officer of First Global Corporate Finance Co., Limited, a licensed corporation registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity, since March 2025; (ii) the joint company secretary and authorised representative of Diwang Industrial Holdings Limited (Stock code: 1950); and (iii) the company secretary and authorised representative of King International Investment Limited (stock code: 928).

Directors, Senior Management and Employees

EMPLOYEES

As at 31 December 2025, the Group had 24 employees in total (31 December 2024: 28).

The Group implements a remuneration policy that is competitive in the industry, and pays commissions and discretionary bonus to its sales personnel and other employees with reference to performance of the Group and individual employees. The total cost of the employees for the year ended 31 December 2025 amounted to RMB1.38 million (for the year ended 31 December 2024: RMB4.55 million). Remuneration and bonus for employees are based on their qualification, experience, job nature, performance and market condition.

The remuneration package of the employees includes salary, bonus and other cash benefits and benefits-in-kind. As required by PRC regulations, the Company participates in various employee benefits plans that are organized by local governments, including housing, pension, medical and unemployment benefit plans, and makes contributions to the employee benefits plans at specified percentages of the salaries, bonuses and certain allowances of the employees.

In accordance with the corporate development strategies along with the practical business needs, the Group has provided various training programs to its staff according to their positions via a number of channels, including induction courses for new staff, trainings of professional knowledge in connection with finance, internal control and evaluation of the value of each position, etc. as well as different special trainings. The Group also selects potential management staff to receive advance trainings in domestic leading business schools regularly, aiming at enhancing their all-round capability.

Directors and qualified employees of the Company may be granted share options to subscribe for shares in the Company in accordance with the terms and conditions of the Share Option Scheme or the share awards in accordance with the terms and conditions of the Share Award Scheme. As at 31 December 2025, the Company has granted certain share options under the Share Option Scheme. For further details, please refer to the subsection headed “Share Option Scheme” in the Directors’ Report of this annual report.

Independent Auditor's Report



TO THE SHAREHOLDERS OF CHINA FRONTIER TECHNOLOGY GROUP
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Frontier Technology Group (“**the Company**”) and its subsidiaries (“**the Group**”) set out on pages 99 to 181, 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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**”) as 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.

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of trade receivables and other receivables

Refer to note 6 to the consolidated financial statements and the accounting policies on page 124.

Independent Auditor's Report

KEY AUDIT MATTERS (Continued)

The key audit matter	How the matter was addressed in our audit
<p>Impairment of other receivables</p> <p>Impairment of trade receivables and other receivables</p> <p>We identified the impairment of trade receivables and other receivables as a key audit matter due to the significant management estimation and judgement required in determining the expected credit losses.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none">– Obtaining an understanding of the design and implementation of the Group's internal control and assessment process of the ECL allowances of trade receivables and other receivables;– Obtaining an understanding of process and internal controls of estimating the ECL allowance for trade receivables and other receivables by the management of the Group;– Assessing the reasonableness and appropriateness of the management's judgement on staging criteria for determining if a significant increase in credit risk has occurred or the receivable is credit-impaired as required by HKFRS 9;– Evaluating the external valuer's independence, competence, capabilities and objectivity;– Reviewing the appropriateness of the valuation methodology, approach and basis of calculation prepared by management;– Testing the mathematical accuracy of the ECL calculation and checking the information included in the calculation;– Reviewing the ECL calculation that was prepared by management assisted by the external expert engaged by the Group, and involved our valuation expert to assist us in evaluating the Group's estimation methodology of ECL and check the parameters to external available data sources;– Assessing the adequacy of the Group's disclosures about the ECL in the consolidated financial statements.

Independent Auditor's Report

OTHER MATTER

The consolidated financial statements for the year ended 31 December 2024 were audited by another auditor, who expressed an unmodified opinion on those consolidated financial statements on 15 April 2025.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the 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.

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

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

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

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

AUDITORS' 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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

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

As part of an audit in accordance with HKSAAs, we exercise professional judgment 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 of the Company.
- Conclude on the appropriateness of the Company's 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 audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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

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

From the matters communicated with those charged with governance, 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.

The engagement partner on the audit resulting in this independent auditor's report is Lee Kwok Lun.

Prism Hong Kong Limited
Certified Public Accountants

Lee Kwok Lun
Practising Certificate Number: P06294

Hong Kong
30 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
Revenue	8	223,487	78,066
Cost of services		(200,959)	(67,929)
Gross profit		22,528	10,137
Other income	9	88	4,041
Other gain or loss	10	(1,845)	3,092
Net provision of impairment losses on trade receivables		(49,817)	(3,451)
Net provision of impairment losses on other receivables		(1,693)	(19,491)
Gains on disposal of subsidiaries	11	10,043	–
Selling and distribution expenses		(26)	(4,322)
General and administrative expenses		(8,461)	(34,670)
Loss from operations		(29,183)	(44,664)
Finance costs	12	(46)	(481)
Share of results of associates		–	(415)
Loss before tax	15	(29,229)	(45,560)
Income tax expense	14	(3,517)	(7,053)
Loss for the year		(32,746)	(52,613)
Attributable to:			
Owners of the Company		(32,738)	(52,582)
Non-controlling interests		(8)	(31)
		(32,746)	(52,613)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
Other comprehensive expense			
<i>Items that will not be reclassified to profit or loss:</i>			
Financial assets at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		(22,789)	(3,170)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(1,049)	(1,172)
Other comprehensive expense for the year, net of tax		(23,838)	(4,342)
Total comprehensive expense for the year		(56,584)	(56,955)
Attributable to:			
Owners of the Company		(56,576)	(56,924)
Non-controlling interests		(8)	(31)
		(56,584)	(56,955)
Loss per share attributable to owners of the Company			
Basic and diluted	20	RMB(0.17)	RMB(0.28)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	21	101	724
Right-of-use assets	23	142	1,020
Investment properties	22	–	38,975
Financial assets at fair value through other comprehensive income	25	30,209	53,112
Interests in associates	26	–	4,235
Total non-current assets		30,452	98,066
Current assets			
Financial assets at fair value through profit or loss	27	–	6,166
Trade receivables	28	76,787	48,858
Other receivables	29	7,292	5,068
Prepayments and other current assets	30	97,496	6,766
Cash and bank balance	31	155,487	246,473
Total current assets		337,062	313,331
TOTAL ASSETS		367,514	411,397
EQUITY AND LIABILITIES			
Share capital	32	3,011	3,011
Reserves	34	292,588	349,164
Equity attributable to owners of the Company		295,599	352,175
Non-controlling interests		–	(704)
TOTAL EQUITY		295,599	351,471

Consolidated Statement of Financial Position

At 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
LIABILITIES			
Current liabilities			
Trade payables	37	60,253	4,593
Other payables and accrued expenses	38	2,363	30,832
Borrowings	39	5,000	–
Lease liabilities	36	148	1,037
Contract liabilities		889	927
Income tax payables		3,262	15,898
Total current liabilities		71,915	53,287
Non-current liability			
Borrowings	39	–	6,639
Total non-current liability		–	6,639
TOTAL LIABILITIES		71,915	59,926
TOTAL EQUITY AND LIABILITIES		367,514	411,397
NET CURRENT ASSETS		265,147	260,044

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 March 2026 and are signed on its behalf by:

Ren Song
Director

Zhang Panpan
Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes In Equity

For the year ended 31 December 2025

	Attributable to owners of the Company											
	Share capital	Share premium	Share-based payments reserve	Statutory reserve	Other reserve	Exchange reserve	Fair value reserve (non-recycling)	Investment properties reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 32)	(b)(i)	(b)(ii)	(note 34)	(note 34)	(note 34)	(note 34)	(note 34)	(note 34)			(note 34)
At 1 January 2024	2,454	54,245	674	136,161	81,902	(52)	4,407	-	89,481	369,272	(673)	368,599
Loss for the year	-	-	-	-	-	-	-	-	(52,582)	(52,582)	(31)	(52,613)
Other comprehensive expense for the year												
- Financial assets at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	-	-	-	-	-	-	(3,170)	-	-	(3,170)	-	(3,170)
- Exchange differences on translation from functional currency to presentation currency	-	-	-	-	-	(1,172)	-	-	-	(1,172)	-	(1,172)
Total comprehensive expense for the year	-	-	-	-	-	(1,172)	(3,170)	-	(52,582)	(56,924)	(31)	(56,955)
Issue of shares	557	39,270	-	-	-	-	-	-	-	39,827	-	39,827
Lapse of share options	-	-	(401)	-	-	-	-	-	401	-	-	-
At 31 December 2024	3,011	93,515	273	136,161	81,902	(1,224)	1,237	-	37,300	352,175	(704)	351,471
At 1 January 2025	3,011	93,515	273	136,161	81,902	(1,224)	1,237	-	37,300	352,175	(704)	351,471
Loss for the year	-	-	-	-	-	-	-	-	(32,738)	(32,738)	(8)	(32,746)
Other comprehensive expense for the year												
- Financial assets at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	-	-	-	-	-	-	(22,789)	-	-	(22,789)	-	(22,789)
- Exchange differences on translation from functional currency to presentation currency	-	-	-	-	-	(1,049)	-	-	-	(1,049)	-	(1,049)
Total comprehensive expense for the year	-	-	-	-	-	(1,049)	(22,789)	-	(32,738)	(56,576)	(8)	(56,584)
Issue of shares	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	712	712
Lapse of share options	-	-	(273)	-	-	-	-	-	273	-	-	-
At 31 December 2025	3,011	93,515	-	136,161	81,902	(2,273)	(21,552)	-	4,835	295,599	-	295,599

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(29,229)	(45,560)
Adjustments for:		
Depreciation of property, plant and equipment	300	254
Depreciation of right-of-use-assets	864	718
Finance costs	46	481
Gain on disposals of property, plant and equipment	–	(323)
Gain on disposals of subsidiaries	(10,043)	–
Allowance for impairment of trade receivables	49,817	3,451
Allowance for impairment of other receivables	1,693	19,491
Fair value changes on investment properties	–	(803)
Fair value changes on financial assets at fair value through profit or loss	–	(894)
Share of results of associates	–	415
Exchange losses/(gains)	1,391	(572)
Operating loss before working capital changes	14,839	(23,342)

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
Decrease in inventories	–	997
Increase in trade receivables	(77,746)	(47,450)
Increase in other receivables	(9,465)	–
(Increase)/decrease in prepayments and other current assets	(90,730)	11,110
Increase/(decrease) in trade payables	55,660	(7,217)
(Decrease)/increase in other payables and accrued expenses	(4,325)	27,214
Decrease in contract liabilities	(38)	–
Cash used in operations	(111,805)	(38,688)
Income tax paid	–	(5,229)
Net cash used in operating activities	(111,805)	(43,917)

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in other receivables	–	(1,631)
Purchases of property, plant and equipment	(51)	(983)
Purchase of treasury products	–	(1,493)
Proceed from disposal of unlisted equity securities	3,009	2,878
Proceeds from disposal of treasury products	–	862
Proceed from disposal of property, plant and equipment	–	323
Proceed from disposal of a subsidiary	14,816	–
Repayment from loans from companies	–	79,551
Net cash from investing activities	17,774	79,507

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of new ordinary shares	–	39,827
Proceeds from a loan from a third party	5,000	–
Interest paid	(31)	(481)
Repayment of lease liabilities	(875)	(702)
Net cash from financing activities	4,094	38,644
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(89,937)	74,234
Effect of foreign exchange rate changes, net	(1,049)	(1,493)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	246,473	173,732
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	155,487	246,473
Cash and bank balances	155,487	246,473

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

China Frontier Technology Group (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (2012 Revision) of the Cayman Islands on 21 March 2012 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). In the opinion of the directors of the Company, the Company has no immediate and ultimate holding company or ultimate controlling party as at 31 December 2024. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is Room B, 23/F, Yardley Commercial Building, 3 Connaught Road West, Sheung Wan, Hong Kong. The Company and its subsidiaries (collectively referred to as the “**Group**”) is principally engaged in the provision of events operation and marketing services, and sports services in the PRC and Hong Kong.

Pursuant to the special resolution of the shareholders of the Company on 31 July 2024, the name of the Company has been changed from “Wisdom Sports Group” to “China Frontier Technology Group” and the dual foreign name in Chinese of the Company had been changed from “智美體育集團” to “中國前沿科技集團”.

The Company and its subsidiaries (collectively referred to as the “**Group**”) is principally engaged in the provision of events operation and marketing services, sports services and trading business.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and with the disclosure requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Group are disclosed below.

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

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by The Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosures about Uncertainties in the Financial Statements

Amendments to HKAS 21 Lack of Exchangeability

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries and associates for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the Group’s financial statements.

Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 Disclosures about Uncertainties in the Financial Statements

The HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 Disclosures about Uncertainties in the Financial Statements, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

The Group has limited exposure to climate-related transition risks and determines that an explanation of the lack of effect of its greenhouse gas emissions policy on its financial statements would not provide material information. Entity-specific and external qualitative factors considered by the entity when making its materiality judgement include the expectation that its greenhouse gas emissions policy will not significantly affect its future operations, and that the entity operates in an industry that has a low level of greenhouse gas emissions and limited exposure to climate-related transition risks.

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

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

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

HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ²
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards are not expected to have any significant impact on the Group's consolidated financial statements.

HKFRS 18 Presentation and Disclosure in Financial Statements

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

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

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

HKFRS 19 Disclosures by Subsidiaries that Do Not Have Public Accountability

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS accounting standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments. in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

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

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

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

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

Amendments to HKAS 21 Translation to a Hyperinflationary Presentation Currency

Amendments to HKAS 21 Translation to a Hyperinflationary Presentation Currency require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 Financial Reporting in Hyperinflationary Economies, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

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

- **HKFRS 7 Financial Instruments: Disclosures:** The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 9 Financial Instruments:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 10 Consolidated Financial Statements:** The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 Statement of Cash Flows:** The amendments replace the term “cost method” with “at cost” in paragraph 37 of HKAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

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

Consolidation

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

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

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

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

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

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

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

Notes to the Consolidated Financial Statements

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Consolidation (Continued)

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale).

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Associates (Continued)

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate; and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

(i) Functional and presentation currency

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

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

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

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Property, plant and equipment

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

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

Notes to the Consolidated Financial Statements

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment (Continued)

If a property becomes an investment property because its use has changed as evidenced by end of owner occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the property, the relevant property revaluation reserve will be transferred directly to retained profits.

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

Buildings	4.45% – 5%
Leasehold improvements	Over the relevant lease terms
Furniture, fixtures and equipment	20% – 33.3%
Motor vehicles	20% – 25%

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

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

Investment properties

Investment properties are buildings which are owned to earn rental income and/or for capital appreciation. Investment properties are measured initially at its cost including all direct costs attributable to the properties. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Rental income from investment properties are accounted for as other income to the consolidated financial statements.

Leases

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

(i) *The Group as a lessee*

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

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

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

Refundable rental deposits paid are accounted under HKFRS 9 Financial instruments and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

(ii) *The Group as a lessor*

When the Group acts as a lessor, a lease is classified as an operating lease if it does not transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Notes to the Consolidated Financial Statements

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Contract liabilities

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

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Recognition and derecognition of financial instruments

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

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

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gain or loss' line item (note 10) as part of the net foreign exchange gains/(losses);
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the fair value through other comprehensive income/valuation reserve.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Foreign exchange gains and losses (Continued)

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gain or loss' line item in profit or loss (note 10) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Financial assets

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

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;
- fair value through other comprehensive income – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or
- fair value through profit or loss, if the investment does not meet the criteria for being measured at amortised cost or fair value through other comprehensive income (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Notes to the Consolidated Financial Statements

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets (Continued)

Equity investments

An investment in equity securities is classified as fair value through profit or loss unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at fair value through other comprehensive income (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at fair value through profit or loss or fair value through other comprehensive income, are recognised in profit or loss as other income.

Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

Cash and cash equivalents

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

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade and other payables

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue and other income

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

(i) Events Operation and Marketing

Revenue from Events Operation and Marketing is mainly derived from marketing services in conjunction with sports-related competitions, including mainly corporate sponsorship income. The Group recognised revenue upon the completion of the events when all services have been provided.

(ii) Sports Services

Revenue from Sports Services is mainly derived from providing services to government, marathon runners and media companies in conjunction with sports-related competitions, including mainly live broadcasting and program production income, individual consumption income, and rental income from equipment. Except for rental income from equipment under operating leases to be recognised over the periods of sports-related competitions, the Group recognised all other income upon the completion of the events when all services have been provided.

(iii) Trading business

Revenue from trading is mainly derived from the net invoiced value of goods sold, after allowances for returns and trade discounts. The Group recognised revenue at the point in time when control of the assets is transferred to the customer, generally on delivery of the goods.

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

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

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based compensation reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based compensation reserve.

When share options are exercised, the amount previously recognised in share-based compensation reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based compensation reserve will be transferred to retained earnings.

Notes to the Consolidated Financial Statements

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group firstly determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities, the provisions for decommissioning and restoration and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Impairment of property, plant and equipment and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit (“CGU”) to which the asset belongs.

In addition, the Group assesses whether there is an indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of 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 the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Impairment of financial assets

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

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

For other receivables, the Group recognises lifetime ECL when there has been a significant increase in credit risk for balances categorised under "Stage 2" since initial recognition. However, if the credit risk on other receivables has not increased significantly since initial recognition, the Group categorises these balances under "Stage 1" and measures the allowance for impairment for other receivables at an amount equal to 12-month ECL.

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

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

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

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

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

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment of financial assets (Continued)

Definition of default

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

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

Credit-impaired financial assets

A financial asset is credit-impaired and categorised under “Stage 3” when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred and the Group recognises lifetime ECL accordingly. Evidence that a financial asset is credit-impaired includes observable data about the following events:

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

Write-off policy

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment of financial assets (Continued)

Measurement and recognition of ECL

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

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

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

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

Provisions

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Foreign currencies

In preparing the financial statement of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive (expense)/income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive (expense)/income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

(a) Critical judgements in applying accounting policies

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

(i) *Structured contracts*

On 24 June 2013, Beijing Wisdom Sports Industry Co., Ltd. ("**Beijing Wisdom Sports**"), a wholly-owned subsidiary of the Company, entered into a series of contractual arrangements with Beijing Wisdom Media Holding Co., Ltd. ("**Beijing Wisdom Media**") and its direct shareholders, comprising the exclusive consulting and service agreement, irrevocable power of attorney, exclusive business operating agreement, exclusive option agreement and share pledge agreement (collectively the "**Structured Contracts**").

The arrangements of the Structured Contracts enable Beijing Wisdom Sports to exercise effective control over Beijing Wisdom Media and obtain substantially all residual economic benefits of Beijing Wisdom Media and its subsidiaries.

Beijing Wisdom Media effectively became an indirect subsidiary of the Company and the Group consolidated the financial results of Beijing Wisdom Media and its subsidiaries.

Management has consulted with its PRC legal counsel in assessing Beijing Wisdom Sports' ability to control Beijing Wisdom Media under PRC laws and regulations. Any changes in PRC laws, rules and regulations that affect Beijing Wisdom Sports' ability to control Beijing Wisdom Media might preclude the Group from consolidating Beijing Wisdom Media and its subsidiaries in the future.

(ii) *Assessment of significant increase in credit risk and credit impairment of financial assets*

As mentioned in note 4 to the consolidated financial statements, ECL is measured as an allowance for impairment equal to 12-month ECL for Stage 1 financial assets, or lifetime ECL for Stage 2 or Stage 3 financial assets. A financial asset is moved to Stage 2 when its credit risk has increased significantly since initial recognition but is not assessed to be credit-impaired. A financial asset is then moved to Stage 3 when it is credit-impaired. In assessing whether the credit risk of a financial asset has significantly increased or whether a financial asset is credit-impaired, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Notes to the Consolidated Financial Statements

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

(b) Key sources of estimation uncertainty

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

Impairment of trade receivable and other receivables

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

Details of the impairment of trade receivables and other receivables are disclosed in Note 6(c), 28 and 29.

6. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk mainly relating to listed equity securities of financial assets at fair value through profit or loss, cash held at security trading accounts, trade receivable and other receivable denominated in Hong Kong dollars, and cash and bank balance denominated in Hong Kong dollars, United States dollars and British pound sterling but presented in the functional currency of the company of RMB by the Group. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Hong Kong dollars ("HKD")	210,910	246,815	48,902	465
United States dollars ("USD")	9	50,617	–	1
British pound sterling ("GBP")	72	26,694	–	–

Notes to the Consolidated Financial Statements

6. FINANCIAL RISK MANAGEMENT (Continued)

(a) Foreign currency risk (Continued)

The table below summarizes the changes in the Group's consolidated loss after tax and total equity in response to reasonably possible changes in the foreign exchange rate of Hong Kong dollars, United States dollars and British pound sterling referred from the trend in foreign exchange rate of Hong Kong dollars, United States dollars and British pound sterling in the corresponding reporting period, to which the Group has significant exposure to the foreign currency risk at the end of the reporting period, with all other variables constant.

	Hypothetical movement in foreign exchange rate	Positive/(negative) effect on consolidated loss after tax and total equity RMB'000
31 December 2025		
– HKD	5%	8,100
– USD	5%	–
– GBP	5%	4
31 December 2024		
– HKD	5%	12,316
– USD	5%	2,531
– GBP	5%	1,335

(b) Price risk

The Group is exposed to equity price risk mainly through its investment in listed equity securities of financial assets at fair value through profit or loss. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles.

For sensitivity analysis, if equity prices had been 10% higher/lower (2024: 10%), loss after tax and total comprehensive income for the year ended 31 December 2025 would decrease/increase by nil (2024: RMB339,000).

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating and investing activities (primarily trade receivables and other receivables) and from its financing activities, including deposits with banks. The Group's exposure to credit risk arising from cash and bank balance is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Notes to the Consolidated Financial Statements

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Credit risk and impairment assessment

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	The counterparty has amounts past-due but is continuously settling after due date and with continuous business transactions with the Group	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources while the counterparty is with continuous business transactions with the Group	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Notes to the Consolidated Financial Statements

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Trade receivables

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

The Group measures allowance for impairment of trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the allowance for impairment of trade receivables based on historical credit loss experience is not further distinguished between the Group's different customer bases.

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

	2025		
	Expected loss rate %	Gross carrying amount RMB'000	Allowance for impairment of trade receivables RMB'000
Within 1 month	1.24	68,714	849
1 to 3 months	1.22	9,032	110
4 to 6 months	-	-	-
7 to 12 months	-	-	-
1 to 2 years	100	50,606	50,606
Over 2 years	-	-	-
		128,352	51,565

Notes to the Consolidated Financial Statements

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Trade receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2024:

		2024	
	Expected loss rate %	Gross carrying amount RMB'000	Allowance for impairment of trade receivables RMB'000
Within 1 month	–	–	–
1 to 3 months	–	48,858	–
4 to 6 months	–	–	–
7 to 12 months	–	–	–
1 to 2 years	–	–	–
Over 2 years	100	16,081	16,081
		64,939	16,081

Expected loss rates are based on actual loss experience over the last 2 half-year periods. These rates are adjusted to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movements in the allowance for impairment of trade receivables during the years are as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	16,081	12,630
Written off	(14,333)	–
Impairment recognised	49,817	3,451
At 31 December	51,565	16,081

Notes to the Consolidated Financial Statements

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Other receivables

The allowance for impairment of other receivables as at 31 December 2025 and 2024 was determined as follows:

As at 31 December 2025

Receivables	Expected credit loss	Basis for recognition of expected credit loss provision	Estimated gross amount at default RMB'000	Carrying amount (net of impairment provision) RMB'000
Other receivables: – Others	19.22%	12 months expected credit losses	8,809	7,116

As at 31 December 2024

Receivables	Expected credit loss	Basis for recognition of expected credit loss provision	Estimated gross amount at default RMB'000	Carrying amount (net of impairment provision) RMB'000
Other receivables: – Amount due from a controlling shareholder	0.96%	12 months expected credit losses	3,448	3,415
– Others	0%	12 months expected credit losses	906	906

Apart from the above expected credit losses, certain balances included in other receivables, amounted to approximately RMB404,000 (2024: RMB87,105,000) were credit-impaired, due to the financial difficulties of the respective counterparties identified by the Group.

The allowance for impairment of other receivables was provided using the “three-stage” approach by referring to changes in credit quality since the initial recognition of other receivables as mentioned in note 4 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Other receivables (Continued)

Movements in the allowance for impairment of other receivables during the year are as follows:

	2025			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	
At 1 January	33	–	87,105	87,138
Impairment loss recognised, net	1,693	–	–	1,693
Written off	(33)	–	(86,701)	(86,734)
Transfer to stage 3	–	–	–	–
At 31 December	1,693	–	404	2,097
Gross amount	8,809	–	580	9,389

	2024			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	
At 1 January	33	866	78,845	79,744
Impairment loss recognised, net	–	–	19,491	19,491
Written off	–	–	(12,097)	(12,097)
Transfer to stage 3	–	(866)	866	–
At 31 December	33	–	87,105	87,138
Gross amount	4,354	–	87,852	92,206

For the year ended 31 December 2025, the Group appointed Miles Valuation Advisory Limited (2024: Libra Appraisal Limited), an independent qualified valuer, to assist the management on carrying out relevant assessment works.

Significant amount of the allowance for impairment of other receivables balance categorised under “Stage 3” are disclosed in note 29(a) to the consolidated financial statements. The allowance for impairment of other receivable balances categorised under “Stage 2” is due to actual or expected significant deterioration in the operating results of debtors during the year ended 31 December 2025. Except for these, the remaining other receivables balances are considered to have low credit risk, and the allowance for impairment recognised during the years was therefore limited to 12-month expected losses. The Group’s management considers these balances to be of low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near term.

Notes to the Consolidated Financial Statements

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	Contractual undiscounted cash flows				Carrying amount RMB'000
	Within 1 year or on demand RMB'000	Between 1 and 2 years RMB'000	Between 2 to 5 years RMB'000	Total RMB'000	
At 31 December 2025					
Trade payables	60,253	–	–	60,253	60,253
Other payables	2,363	–	–	2,363	2,363
Borrowings	5,000	–	–	5,000	5,000
Lease liabilities	149	–	–	149	148
	67,765	–	–	67,765	67,764
At 31 December 2024					
Trade payables	4,593	–	–	4,593	4,593
Other payables	30,832	–	–	30,832	30,832
Borrowings	431	431	7,321	8,183	6,639
Lease liabilities	1,070	–	–	1,070	1,037
	36,926	431	7,321	44,678	43,101

(e) Categories of financial instruments at 31 December

	2025 RMB'000	2024 RMB'000
Financial assets:		
Financial assets at fair value through other comprehensive income	30,209	53,112
Financial assets at fair value through profit or loss	–	6,166
Financial assets measured at amortised cost	239,566	300,410
Financial liabilities:		
Financial liabilities measured at amortised cost	67,764	43,101

Notes to the Consolidated Financial Statements

6. FINANCIAL RISK MANAGEMENT (Continued)

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

During the years ended 31 December 2025 and 2024, there was no transfer between Level 2 and Level 3. The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Notes to the Consolidated Financial Statements

7. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy

Description	Fair value measurements as at 31 December 2025			31 December 2025
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Unlisted equity securities (<i>note 25</i>)	–	–	30,209	30,209
Financial assets at fair value through profit or loss				
– Listed equity securities (<i>note 27</i>)	–	–	–	–
– Unlisted equity security (<i>note 27</i>)	–	–	–	–
Total	–	–	30,209	30,209

Description	Fair value measurements as at 31 December 2024			31 December 2024
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Unlisted equity securities (<i>note 25</i>)	–	–	53,112	53,112
Financial assets at fair value through profit or loss				
– Listed equity securities (<i>note 27</i>)	4,247	–	–	4,247
– Unlisted equity security (<i>note 27</i>)	–	–	1,919	1,919
Total	4,247	–	55,031	59,278

Notes to the Consolidated Financial Statements

7. FAIR VALUE MEASUREMENTS (Continued)

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2025 and 2024:

The Group's Deputy Head of Finance Department is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes and reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the Deputy Head of Finance Department and the Board of Directors regularly.

The fair value of the treasury product is based on the net asset value with reference to the prices of underlying investment portfolio quoted by fund administrator.

For the unlisted equity security under Adjusted NAV method, the Adjusted NAV method calls for a summation of the fair values of all assets belonging to an entity and a reduction of that aggregate by the fair values of that entity's total liabilities. The fair value is represented by the adjusted book value of total assets net of liabilities owed to any person other than the beneficial owners of the subject company.

Level 3 fair value measurements

Description	Valuation techniques	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at 31 December 2025 RMB'000
Financial assets at fair value through profit and loss – unlisted equity security	Adjusted net asset value	The fair value of net assets of the investee	N/A	N/A	–
Financial assets at fair value through other comprehensive income – unlisted equity security	Adjusted net asset value	The fair value of net assets of the investee	N/A	N/A	30,209
Financial assets at fair value through other comprehensive income – unlisted equity security	Market approach	N/A	N/A	N/A	–

Notes to the Consolidated Financial Statements

7. FAIR VALUE MEASUREMENTS (Continued)

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2025 and 2024: (Continued)

Level 3 fair value measurements (Continued)

Description	Valuation techniques	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at 31 December 2024 RMB'000
Financial assets at fair value through profit and loss – unlisted equity security	Adjusted net asset value	The fair value of net assets of the investee	N/A	N/A	1,919
Financial assets at fair value through other comprehensive income – unlisted equity security	Adjusted net asset value	The fair value of net assets of the investee	N/A	N/A	52,998
Financial assets at fair value through other comprehensive income – unlisted equity security	Market approach	N/A	N/A	N/A	114

Notes to the Consolidated Financial Statements

7. FAIR VALUE MEASUREMENTS (Continued)

(c) Reconciliation of financial assets measured at fair value based on Level 3:

	2025 RMB'000	2024 RMB'000
Financial assets at fair value through profit or loss – treasury products		
At 1 January	783	80
Addition	–	–
Disposal	(783)	(863)
Fair value changes recognised in profit or loss	–	783
At 31 December	–	–
Financial assets at fair value through profit or loss – unlisted equity securities		
At 1 January	1,919	1,928
Disposal	(1,919)	–
Fair value changes recognised in profit or loss	–	(9)
At 31 December	–	1,919
Financial assets at fair value through other comprehensive income – unlisted equity securities		
At 1 January	53,112	56,282
Disposal	(114)	–
Fair value changes recognised in other comprehensive income for the year	(22,789)	(3,170)
At 31 December	30,209	53,112

Notes to the Consolidated Financial Statements

8. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2025 RMB'000	2024 RMB'000
Events operation and marketing income	211,435	27,460
Sports services income	–	–
Trading business income	12,052	50,606
	223,487	78,066

	2025 RMB'000	2024 RMB'000
Timing of revenue recognition		
– At a point in time	223,487	78,066

Revenue of the Group is recognised on a point in time basis and comprises income generated from sports-related competitions by the provision of events operation and marketing services, and all other sports services when the competitions are held, and trading income generated from trading of functional materials (2024: trading of cigar).

9. OTHER INCOME

	2025 RMB'000	2024 RMB'000
Interest income	87	2,446
Rental income	–	802
Others	1	793
	88	4,041

Notes:

- (a) The Group invested in treasury products issued by financial institutions in the PRC. The investments are denominated in RMB.

Notes to the Consolidated Financial Statements

10. OTHER GAIN OR LOSS

	2025 RMB'000	2024 RMB'000
Exchange (losses)/gains, net	(1,391)	572
Fair value changes on financial assets at fair value through profit or loss	–	894
Gain on disposal of property, plant and equipment	–	323
Fair value changes on investment properties	–	803
Others	(454)	500
	(1,845)	3,092

11. GAINS ON DISPOSAL OF SUBSIDIARIES

	2025 RMB'000
Disposal consideration	
– Satisfied by cash	48,949
Total consideration	48,949
Less:	
– Total net assets of subsidiaries disposed of	38,906
Gains on disposals	10,043
Cash proceeds from disposals, net of cash disposed of	
– Less: cash and cash equivalents in the subsidiaries disposed of	(723)
Net cash inflow on disposals	48,226

12. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest expenses on bank borrowing	15	430
Interest on lease liabilities	31	51
	46	481

Notes to the Consolidated Financial Statements

13. SEGMENT INFORMATION

Information reported to the Chief Executive Officer, being the chief operating decision maker (“**CODM**”), for the purpose of resources allocation and assessment of segment performance focuses on types of services provided.

The Group has three reportable operating segments, which are (a) Events Operation and Marketing; (b) Sports Services; and (c) Trading of business.

The Group’s operating and reportable segments are as follows:

Events Operation and Marketing	Providing mainly marketing services in conjunction with sports-related competitions. Types of revenue include mainly corporate sponsorship income.
Sports Services	Providing services mainly to government, marathon runners and media companies in conjunction with sports-related competitions. Types of revenue include mainly live broadcasting and program production income, individual consumption income, and rental income from equipment.
Trading business	Trading of cigar and related products (a new business in 2024) and functional materials (a new business in 2025).

The Group’s reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. No operating segments have been aggregated in arriving at the reportable segments of the Group.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements.

Segment results are measured as gross profit/(loss) of each segment without allocation of selling and distribution expenses, general and administrative expenses, finance costs, other income, other gain or loss, share of results of associates, net provision of impairment losses on other receivables, net provision of impairment losses on trade receivables, gains on disposal of subsidiaries and income tax expense. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

No segment assets or liabilities information or other segment information is provided as the CODM does not review this information for the purpose of resource allocation and assessment of segment performance.

Notes to the Consolidated Financial Statements

13. SEGMENT INFORMATION (Continued)

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

Year ended 31 December 2025

	Event Operation and Marketing RMB'000	Trading Business RMB'000	Total RMB'000
Revenue	211,435	12,052	223,487
Cost of services	(189,284)	(11,675)	(200,959)
Segment results	22,151	377	22,528
Other income			88
Other gain or loss			(1,845)
Selling and distribution expenses			(26)
General and administrative expenses			(8,461)
Gains on disposal at subsidiaries			10,043
Net provision of impairment losses on trade receivables			(49,817)
Net provision of impairment losses on other receivables			(1,693)
Finance costs			(46)
Income tax expense			(3,517)
Loss for the year			(32,746)

Notes to the Consolidated Financial Statements

13. SEGMENT INFORMATION (Continued)

Year ended 31 December 2024

	Event Operation and Marketing RMB'000	Sports Services RMB'000	Trading Business RMB'000	Total RMB'000
Revenue	27,460	–	50,606	78,066
Cost of services	(20,440)	(1,423)	(46,066)	(67,929)
Segment results	7,020	(1,423)	4,540	10,137
Other income				4,041
Other gain or loss				3,092
Selling and distribution expenses				(4,322)
General and administrative expenses				(34,670)
Share of results of associates				(415)
Net provision of impairment losses on trade receivables				(3,451)
Net provision of impairment losses on other receivables				(19,491)
Finance costs				(481)
Income tax expense				(7,053)
Loss for the year				(52,613)

Notes to the Consolidated Financial Statements

13. SEGMENT INFORMATION (Continued)

Geographical information

Information about the Group's revenue from external customers is presented based on the location of the operation of subsidiaries. For revenue from events operation and marketing, sports services and trading business, it is presented based on the location where the contract is negotiated and effected.

The following table provides an analysis of the Group's revenue from external customers and non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
PRC	12,052	94	51	–
Hong Kong	211,435	77,972	192	1,744
United Kingdom (“UK”)	–	–	–	38,975
	223,487	78,066	243	40,719

Note: Non-current assets excluded financial assets at fair value through other comprehensive income, interests in associates.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	2025 RMB'000	2024 RMB'000
Customer A ¹	–*	13,683
Customer B ¹	–*	13,683
Customer C ¹	117,518	–*
Customer D ¹	75,970	–*
Customer E ²	–*	50,606

¹ Revenue relating to events operation and marketing.

² Revenue relating to trading business.

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

Notes to the Consolidated Financial Statements

14. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as follows:

	2025 RMB'000	2024 RMB'000
United Kingdom corporate tax	–	(297)
PRC Enterprise Income Tax (“EIT”) – Withholding tax	(4)	(36)
Hong Kong corporate tax	(3,513)	–
	(3,517)	(333)
Deferred tax expenses (<i>note 35</i>)	–	(6,720)
	(3,517)	(7,053)

Under the two-tiered Profits Tax regime, Hong Kong profits tax has been provided at the rate of 8.25% on the first two million Hong Kong dollars estimated assessable profits for the year. The estimated assessable profits above that amount will continue to be subject to the tax rate of 16.5%. No provision for Hong Kong Profits Tax was required since the Group had no assessable profits in Hong Kong for the years ended 31 December 2024.

No provision for United Kingdom Profits Tax was required since the Group had no assessable profits in the United Kingdom for the years ended 31 December 2025 (2024: 25%).

Under the Law of the PRC Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, income tax has been provided at a rate of 25% (2024: 25%), except a wholly owned subsidiary of the Group, was qualified for the Announcement on Tax Policies to Further Support the Development of Small and Micro Enterprises and Individual Businesses (Ministry of Finance and State Taxation Administration Announcement No. 12 2023), as small low-profit enterprises, eligible for calculating taxable income at a reduced rate of 25% and paying corporate income tax at a 20% rate. This preferential policy will remain in effect until 31 December 2027.

Pursuant to the PRC law on EIT, 10% withholding income tax will be levied on foreign investors for dividend distribution from foreign invested enterprises’ profit earned after 1 January 2008. For qualified investors incorporated in Hong Kong, a treaty rate of 5% will be applied.

Tax charged on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Notes to the Consolidated Financial Statements

14. INCOME TAX EXPENSE (Continued)

The reconciliation between the income tax expense and the product of loss before tax multiplied by the respective applicable tax rates is as follows:

	2025 RMB'000	2024 RMB'000
Loss before tax	(29,229)	(45,560)
Tax at the respective applicable tax rates	4,823	10,921
Tax effect of two-tiered tax regime	151	–
Tax effect of share of results of associates	–	(103)
Tax effect of income that is not taxable	–	2,803
Tax effect of expenses that is not deductible	(1,046)	(6,007)
Net tax effect of temporary differences not recognised	(7,441)	(12,456)
Tax effect of tax losses not recognised	–	(2,175)
Withholding tax	(4)	(36)
Income tax expense	(3,517)	(7,053)

15. LOSS BEFORE TAX

The Group's loss before tax is stated after charging the following:

	2025 RMB'000	2024 RMB'000
Cost of services		
– events operation expenses	189,284	16,831
– staff costs	–	287
Cost of inventories utilised	11,671	46,001
Depreciation of property, plant and equipment (note 21)	300	254
Depreciation of right-of-use-assets (note 23)	864	718
Staff costs (note 16)		
– Salaries, bonuses and allowances	1,290	4,219
– Retirement benefit scheme contributions	90	335
Auditor's remuneration	686	718
Event service fee	–	14,139
Travelling expenses	57	1,286
Legal and professional fee	1,054	5,762

Notes to the Consolidated Financial Statements

16. EMPLOYEE BENEFITS EXPENSE

	2025 RMB'000	2024 RMB'000
Employee benefits expense:		
Salaries, bonuses and allowances	1,290	4,219
Retirement benefit scheme contributions	90	335
	1,380	4,554

(a) Five highest paid individuals

The five highest paid individuals in the Group during the year included two Directors (2024: three) whose Directors' emoluments are reflected in the analysis presented in note 17(a). The emoluments of the remaining three individuals (2024: two) are set out below:

	2025 RMB'000	2024 RMB'000
Salaries and allowances	1,083	779
Retirement benefit scheme contributions	52	29
	1,135	808

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
Nil to HK\$1,000,000	2	2

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 December 2025 (2024: Nil). One of the five highest paid individuals have waived or agreed to waive RMB27,000 during the year ended 31 December 2025 (2024: Nil).

Notes to the Consolidated Financial Statements

17. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The emoluments of every Director are set out below:

	Fees RMB'000	Salaries and Allowances RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Total RMB'000
Executive Directors				
Ms. Ren Song (<i>note i</i>)	-	-	-	-
Mr. Chang Haisong (<i>note h</i>)	-	302	15	317
Ms. Zhang Panpan (<i>note o</i>)	-	-	-	-
Ms. Ren Wen (<i>note c</i>)	-	-	-	-
Mr. Sheng Jie (<i>note t</i>)	-	-	-	-
Mr. Wong Man Keung (<i>note m</i>)	-	265	12	277
Ms. Wang Jie (<i>note n</i>)	-	-	-	-
Independent Non-executive Directors				
Mr. Ip Kwok On Sammy (<i>note f</i>)	-	-	-	-
Mr. Jin Guoqiang (<i>note s</i>)	-	-	-	-
Mr. Chen Zhijian (<i>note r</i>)	-	-	-	-
Ms. Gao Wenjuan (<i>note j</i>)	-	-	-	-
Ms. Leung Hiu Man (<i>note k</i>)	-	-	-	-
Ms. Peng Xiaoliu (<i>note l</i>)	-	-	-	-
Mr. Wu Mingcong (<i>note p</i>)	-	-	-	-
Mr. Lee Kin Fai (<i>note q</i>)	-	-	-	-
Total for the year ended 31 December 2025	-	567	27	594

Notes to the Consolidated Financial Statements

17. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

	Fees RMB'000	Salaries and allowances RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Total RMB'000
Executive Directors				
Ms. Ren Wen	–	440	42	482
Mr. Sheng Jie	–	440	42	482
Ms. Zhang Jingjing (note g)	–	–	–	–
Mr. Chang Haisong (note h)	–	–	–	–
Ms. Ren Song (note i)	–	–	–	–
Ms. Hao Bin (note d)	–	333	27	360
Mr. Shen Wei (note e)	–	237	5	242
Mr. Wong Man Keung (note m)	–	309	15	324
Ms. Wang Jie (note n)	–	–	–	–
Ms. Zhang Panpan (note o)	–	–	–	–
Independent Non-executive Directors				
Mr. Ip Kwok On Sammy (note f)	–	–	–	–
Mr. Jin Guoqiang (note s)	–	–	–	–
Mr. Chen Zhijian (note r)	–	–	–	–
Ms. Gao Wenjuan (note j)	–	–	–	–
Ms. Leung Hiu Man (note k)	–	–	–	–
Ms. Peng Xiaoliu (note l)	–	–	–	–
Mr. Wu Mingcong (note p)	–	–	–	–
Mr. Lee Kin Fai (note q)	–	61	–	61
Total for the year ended 31 December 2024				
	–	1,820	131	1,951

The executive directors' emoluments shown above are mainly for their services in connection with the management of the affairs of the Company and the Group. Emoluments of the independent non-executive directors shown above were mainly for their services as the directors of the Company.

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company, any of its fellow subsidiaries, its holding companies or its subsidiaries was a party and in which the Directors of the Company or the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Notes to the Consolidated Financial Statements

17. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

- (c) Ren Wen resigned as executive director of the Company on 29 July 2025.
- (d) Hao Bin resigned as executive director of the Company on 23 January 2024.
- (e) Shen Wei resigned as executive director of the Company on 23 January 2024.
- (f) Ip Kwok On Sammy resigned as independent non-executive director of the Company on 23 January 2024.
- (g) Zhang Jingjing was appointed and resigned as executive director of the Company on 30 April 2024 and 16 September 2024 respectively.
- (h) Chang Haisong was appointed as executive director of the Company on 30 April 2024.
- (i) Ren Song was appointed as executive director of the Company on 23 January 2024.
- (j) Gao Wenjuan was appointed as independent non-executive director of the Company on 23 January 2024.
- (k) Leung Hiu Man was appointed as independent non-executive director of the Company on 30 April 2024.
- (l) Peng Xiaoliu was appointed as independent non-executive director of the Company on 9 September 2024.
- (m) Wong Man Keung was appointed and resigned as executive director of the Company on 23 January 2024 and 19 September 2025 respectively.
- (n) Wang Jie was appointed and resigned as executive director of the Company on 30 April 2024 and 19 September 2025 respectively.
- (o) Zhang Panpan was appointed as executive director of the Company on 16 September 2024.
- (p) Wu Mingcong was appointed as independent non-executive director of the Company on 9 September 2024.
- (q) Lee Kin Fai was appointed and resigned as independent non-executive director of the Company on 23 January 2024 and 30 April 2024 respectively.
- (r) Chen Zhijian resigned as independent non-executive director of the Company on 9 September 2024.
- (s) Jin Guoqiang resigned as independent non-executive director of the Company on 9 September 2024.
- (t) Sheng jie resigned as Executive Director of the Company on 29 July 2025.

17. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

During the year ended 31 December 2025, Ms. Ren Song waived her emoluments with a total amount of HKD300,000 (equivalent to RMB274,590) per annum.

During the year ended 31 December 2025, Mr. Chang Haisong waived his emoluments with a total amount of HKD30,000 (equivalent to RMB274,590) per annum.

During the year ended 31 December 2025, Ms. Wang Jie waived her emoluments with a total amount of HKD259,000 (equivalent to RMB237,063) per annum.

During the year ended 31 December 2025, Ms. Zhang Panpan waived her emoluments with a total amount of HKD360,000 (equivalent to RMB329,508) per annum.

During the year ended 31 December 2025, Ms. Gao Wenjuan waived her emoluments with a total amount of HKD240,000 (equivalent to RMB219,672) per annum.

During the year ended 31 December 2025, Ms. Leung Hiu Man waived her emoluments with a total amount of HKD360,000 (equivalent to RMB329,508) per annum.

During the year ended 31 December 2025, Mr. Wu Mingcong waived his emoluments with a total amount of HKD12 (equivalent to RMB11) per annum.

During the year ended 31 December 2025, Ms. Peng Xiaoliu waived her emoluments with a total amount of HKD12 (equivalent to RMB11) per annum.

Except for above, none of the directors of the Company waived or agreed to waive any emoluments paid by the Group. No emoluments have been paid by the Group to the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office during the year ended 31 December 2025.

Notes to the Consolidated Financial Statements

18. RETIREMENT BENEFIT SCHEMES CONTRIBUTIONS

The Group operates a mandatory provident fund scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group’s contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK\$1,500 per employee and vest fully with employees when contributed into the MPF Scheme. Under the MPF Scheme, the employer and its employees are each required to make contribution to the MPF Scheme at 5% of the employees’ relevant income subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately. During the years ended 31 December 2025 and 2024, no forfeited contributions were utilised by the Group to reduce its contributions.

The employees employed by the Group’s subsidiaries in the PRC are members of state-managed retirement benefits scheme operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme operated by the government of the PRC is to make the specified contributions under the schemes.

19. DIVIDENDS

The Board of Directors does not recommend the payment of any dividend in respect of the years ended 31 December 2025 and 2024.

20. LOSS PER SHARE

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

	2025 RMB'000	2024 RMB'000
Loss attributable to owners of the Company		
Loss for the purposes of calculating basic and diluted loss per share	(32,738)	(52,582)

	2025 '000	2024 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	190,294	190,294

The computation of diluted loss per share did not assume the exercise of the Company’s outstanding share options as the exercise price of those share options was higher than the average market price for shares for the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

21. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost					
At 1 January 2024	-	-	58,436	5,688	64,124
Additions	-	486	29	468	983
Disposals	-	-	(174)	(3,273)	(3,447)
At 31 December 2024 and 1 January 2025	-	486	58,291	2,883	61,660
Additions	-	-	51	-	51
Disposals	-	-	(58,262)	(2,872)	(61,134)
At 31 December 2025	-	486	80	11	577
Accumulated depreciation					
At 1 January 2024	-	-	58,436	5,688	64,124
Charge	-	198	8	48	254
Written back on disposals	-	-	(174)	(3,273)	(3,447)
Exchange realignment	-	3	1	1	5
At 31 December 2024 and 1 January 2025	-	201	58,271	2,464	60,936
Charge	-	241	11	48	300
Written back on disposals	-	-	(58,262)	(2,511)	(60,773)
Exchange realignment	-	2	1	10	13
At 31 December 2025	-	444	21	11	476
Carrying amount					
At 31 December 2025	-	42	59	-	101
At 31 December 2024	-	285	20	419	724

Notes to the Consolidated Financial Statements

21. PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment assessment

During the year ended 31 December 2025 and 2024, in the opinion of the directors of the Company, there is no impairment to be made on the property, plant, and equipment.

22. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
At 1 January	38,975	38,013
Additions	–	–
Disposal	(38,975)	–
Change in fair values of investment properties	–	803
Exchange realignment	–	159
At 31 December	–	38,975

The lease contracts do not contain lessee's option to purchase the properties at the end of the lease term.

As at 31 December 2024, the Group's investment property of approximately RMB9,280,000 was pledged as collateral for the Group's bank borrowing of approximately RMB6,639,000 (note 39).

On 12 July 2024, the vendor (a wholly-owned subsidiary of the Company) entered into a sale and purchase agreement with the purchaser for the sale of a property-holding subsidiary for a consideration of GBP4.5 million, or approximately RMB42.4 million (the "Disposal"). As of 31 December 2024, this subsidiary held all the investment properties of the Group.

In January 2025, the Disposal was completed, and the subsidiary ceased to be part of the Group. For further details, please refer to the Company's announcement dated 12 July 2024.

Notes to the Consolidated Financial Statements

22. INVESTMENT PROPERTIES (Continued)

Fair Value Measurement of Investment Properties

(i) Fair value hierarchy

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

- Level 3 valuations: fair value measured using significant unobservable inputs.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2025				
Fair value on a recurring basis				
Investment properties:				
– Located in UK	–	–	–	–

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2024				
Fair value on a recurring basis				
Investment properties:				
– Located in UK	–	–	38,975	38,975

There were no transfers between Level 1 and Level 2 or transfers out of Level 3 in the current year.

The fair value of the Group's investment properties as at 31 December 2024 has been arrived at on the basis of a valuation carried out by Libra Appraisal Limited, an independent qualified profession valuer not connected to the Group.

At the end of each reporting period, the management will (i) verify all major inputs to the independent valuation report; (ii) assess property valuations movements when compared to the prior year valuation report; and (iii) holds discussion with the valuer.

In estimation their fair value of the investment properties, the highest and best use of the investment properties is their current use.

Notes to the Consolidated Financial Statements

22. INVESTMENT PROPERTIES (Continued)

Fair Value Measurement of Investment Properties (Continued)

(ii) Information about Level 3 fair value measurements

	Fair value as at 31 December 2025 RMB'000	Fair value as at 31 December 2024 RMB'000	Valuation techniques	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value Range
Investment properties located in UK – residential properties	N/A	38,975	Market comparable approach	Market unit rate per square meter, taking into account the recent transaction prices for similar properties adjusted for nature and location	2025: N/A (2024: Ranged from GBP12,312 to GBP15,566) The increase in unit rate would result in increase in fair value.

23. RIGHT-OF-USE-ASSET

	Office premise	
	2025 RMB'000	2024 RMB'000
At 1 January	1,020	–
Addition	–	1,749
Depreciation	(864)	(718)
Exchange realignment	(14)	(11)
At 31 December	142	1,020

Details of total cash outflow for leases included in net cash used in financing activities are set out in note 41 to the consolidated financial statements.

Lease arrangement of office premise was negotiated on an individual basis and contain a lease term of 2 years. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Notes to the Consolidated Financial Statements

24. INVESTMENTS IN SUBSIDIARIES

Name	Place and date of incorporation or registration/ Type of legal entity	Particular of issued share capital	Percentage of ownership interest/ voting power/ profit sharing	Principal activities/ Place of operation
Indirectly held by the Company				
Beijing Wisdom Sports Culture Co., Ltd.*	PRC/4 December 2015/Limited liability company	RMB1,000,000	100%	Corporate services/PRC
Jiangxi Wisdom Sports Culture Co., Ltd.*	PRC/24 March 2014/Limited liability company	RMB3,000,000	100%	Event organisation and related services/PRC
Botong Advance New Materials (Shenzhen) Co., Ltd.*	PRC/12 November/Limited liability company	RMB2,000,000	100%	Trading business/PRC

* The English names of these companies represented the best effort by the management of the Group in translating their Chinese names as they do not have official English names.

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Unlisted equity securities	30,209	53,112

As at 31 December 2025, the Group had 2.19% (2024: 2.19%) of the equity interest in Beijing U.S.-China Green Fund Investment Centre (Limited Partnership) (北京中美綠色投資中心(有限合夥)) ("U.S.-China Green Fund") with principal of the investments of RMB50,000,000. The Group is one of the limited partners of U.S.-China Green Fund which is mainly invested in the business of investment management and its investment scope includes green energy, energy saving and environmental protection, medical and health care, consumption upgrading, green building and other related industries.

As at 31 December 2025, the fair value of this equity instrument is approximately RMB30,209,000 (2024: RMB52,998,000) accounting for 8.22% (2024: 12.9%) of the Group's total assets. Unrealised loss of RMB22,789,000 (2024: Unrealised loss of RMB3,170,000) arising from the remeasurement of this financial asset was recognised in the fair value reserve (non-recycling) in other comprehensive income. The Group maintains to hold this investment for strategic purposes since initial recognition to generate long-term capital growth.

Notes to the Consolidated Financial Statements

26. INTERESTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Unlisted investments:		
Cost of investments in associates	–	14,626
Accumulated impairment losses	–	(10,391)
	–	4,235

Details of the Group's associates at 31 December 2025 and 2024 are as follows:

Name	Place of incorporation/ registration	Particular of issued share capital	Percentage of ownership interest/voting power/ profit sharing		Principal activities
			2025	2024	
Beijing Guotaiyinke Technology Co., Ltd. (“ GTYK ”)	PRC	RMB6,312,500	N/A	20%	Technology development
Vning Sports Culture Industry (Beijing) Co., Ltd. (“ Vning ”)	PRC	RMB6,027,727	N/A	15% <i>(note (a))</i>	Organisation of sports-related courses
Shenzhen Zhongsai Sports Industry Development Co., Ltd. (“ Zhongsai Sports ”)	PRC	RMB20,000,000	N/A	10% <i>(note (b))</i>	Events organisation
Yuan Tong Global Financial Group Limited (“ YTG ”)	Hong Kong	HKD100	0.0001%	0.0001%	Financial services

26. INTERESTS IN ASSOCIATES (Continued)

During the year ended 31 December 2023, YTG issued 32,439,900 ordinary shares. The Group's equity interest in YTG was diluted from 34% to approximately 0.0001%. Such changes was a deemed disposal of interest in an associate in accordance with HKAS 28. The equity interest of YTG was then classified as a financial asset at fair value through profit or loss during the year ended 31 December 2023. Since the interest in the YTG was fully impaired during the year ended 31 December 2022, there is no gain or loss on the deemed disposal of interest in an associate of YTG during the year ended 31 December 2023.

For investment in GTYK, the recoverable amount of this investment has been determined based on value in use by using discounted cash flow method. A discount rate of 12.2% (2024: 12.2%) was used. As a result, according to the impairment test result used by the Group, the recoverable amount of this investment is higher than its carrying amount as at 31 December 2024.

For investment in Vning, the recoverable amount of this investment has been determined based on fair value less costs of disposal by using discounted cash flow method. A discount rate of 28.4% was used. As a result, according to the impairment test result used by the Group, the recoverable amount of this investment is higher than its carrying amount as at 31 December 2024.

During the year, the Group's investment in GTYK, Vning and Zhongsai Sports were disposed of as part of the disposal of a subsidiary. For details, please refer to the company's announcement dated 24 December 2025.

Notes:

- (a) The Articles of Association of Vning specifies that at least half of the shareholding is required to approve for decisions on directing the relevant activities of Vning. As the Group holds a 15% equity interest in Vning, and has appointed one out of seven directors, the Group has significant influence, but not control over the financial and operating policy decisions of Vning. Hence the Group's interest in Vning is accounted for as an investment in an associate.
- (b) Upon a resolution passed in the shareholders' meeting of Zhongsai Sports on the registered share capital reduction of Zhongsai Sports from RMB50,000,000 to RMB20,000,000, the Group would be returned for RMB3,000,000 of its investment cost based on its 10% equity interest in. As at 31 December 2024, nil respectively are receivables from Zhongsai Sports.

As the Group holds 10% equity interest in Zhongsai Sports, and has right to appoint one out of five directors, the Group has significant influence, but no control over the financial and operating policy decisions of Zhongsai Sports. Hence the Group's interest in Zhongsai Sports is accounted for as an investment in an associate.

Notes to the Consolidated Financial Statements

26. INTERESTS IN ASSOCIATES (Continued)

The following table shows information on the principal associate that is individually material to the Group. This associate is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associate.

	GTYK	
	2025	2024
Place of incorporation/Place of operation	PRC/PRC	PRC/PRC
Principal activities	Technology development	Technology development
% of ownership interest/voting power/profit sharing held by the Group	N/A	20%/20%
	RMB'000	RMB'000
At 31 December:		
Non-current assets	–	8
Current assets	–	36,293
Current liabilities	–	(4,496)
Net assets	–	31,805
Year ended 31 December:		
Revenue	–	1,849
Loss	–	(1,678)
Total comprehensive expense	–	(1,678)
	2025	2024
Proportion of the Group's ownership interest in the associate	N/A	20%
	RMB'000	RMB'000
Net assets of the associate	–	31,805
The Group's share of net assets	–	6,363
Goodwill	–	2,826
Impairment losses	–	(5,181)
Carrying amount of the Group's interest in the associate	–	4,008

Notes to the Consolidated Financial Statements

26. INTERESTS IN ASSOCIATES (Continued)

Aggregate information of associates that are not individually material:

	2025 RMB'000	2024 RMB'000
The Group's share of loss	–	(760)
The Group's share of post-tax loss	–	(760)
The Group's share of other comprehensive expense	–	–
The Group's share of total comprehensive expense	–	(760)
Aggregate carrying amount of the Group's interests in these associates	–	227

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Listed equity securities		
– Hong Kong	–	2,091
– the PRC	–	2,156
	–	4,247
Unlisted equity securities	–	1,919
Treasury products	–	–
	–	6,166

28. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	128,352	64,939
Allowance for impairment of trade receivables	(51,565)	(16,081)
	76,787	48,858

The Group generally allows an average credit period of 180 days (2024: 180 days) for its customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

Notes to the Consolidated Financial Statements

28. TRADE RECEIVABLES (Continued)

The aging analysis of trade receivables, net of allowance for impairment of trade receivables, presented based on the invoice date is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 month	67,865	–
1 to 3 months	8,922	48,858
4 to 6 months	–	–
7 to 12 months	–	–
Over 1 year	–	–
	76,787	48,858

The carrying amounts of the Group's trade receivables are all denominated in RMB.

29. OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Cash held at security trading accounts	–	1,343
Deposits with media companies and event organisation companies	18	18
Advance to employees	249	2,061
Amount due from a controlling shareholder (note (d))	–	3,448
Amounts due from directors (note (d))	–	1,360
Deposits	244	274
Redemption receivables from fund investments (note (b))	–	29,345
Fund investment in a partnership (note (a))	–	38,563
Earnest money paid for potential equity investment (note (c))	–	11,165
Consideration from disposal of subsidiaries	8,207	–
Others	671	4,629
	9,389	92,206
Allowance for impairment of other receivables	(2,097)	(87,138)
	7,292	5,068
Non-current portion	–	–
Total current portion	7,292	5,068
Non-current portion		
Loans to companies (note (b))	–	–
Total non-current portion	–	–

Notes to the Consolidated Financial Statements

29. OTHER RECEIVABLES (Continued)

Notes:

(a) On 1 July 2018, the Group entered into a Limited Partnership Agreement with 深圳市車城五號投資企業(有限合夥) (“SZCC”), whereas the Group invested RMB50,000,000 into SZCC as a limited partner. The Group has no influence on the financial and operating decisions of SZCC. The investment is denominated in RMB. The investment had an annualised rate of return of 8% receivable every six months, and a right granted to the Group for exercising the redemption of equitable investment every six months, which was then revised during the year ended 31 December 2020 for an annualised rate of return of 4.75% receivable annually, and a right granted to the Group for exercising the redemption of equitable investment annually. The investment is held for the collection of contractual cash flows which represents solely payments of principal and interest, and the related interest income is calculated using the effective interest method. Hence, the Directors considered the investment has fixed maturity and interest. Accordingly, the investment is accounted for as other receivables and subsequently measured at amortised cost. This investment had been disposed of in 2025.

(b) As at 31 December 2024, the balance represents the outstanding balance of redemption receivables from fund investments.

In 2021, the Group disposed of a listed equity security in the PRC and an unlisted equity security in the PRC, with investment costs of approximately RMB21,000,000 and approximately RMB13,742,000, at considerations of approximately RMB29,400,000 and approximately RMB20,665,000 respectively as a result of activation of redemption clauses with predetermined redemption prices specified in the share transfer agreements. The related receivables had been disposed during the year ended 31 December 2025.

(c) The balance represents the earnest money paid for the potential equity investment in which of approximately RMB13,000,000 was paid as earnest money for the potential equity investment which subject to the fulfillment of certain investment criteria. However, due to the interruption of the outbreak of COVID-19 in previous year, certain investment criteria of a potential equity investment were yet to be fulfilled during the years ended 31 December 2024.

On 12 April 2023, the Group commenced arbitration proceedings (the “Arbitration”) with the Beijing Arbitration Committee against the counterparty of the potential equity investment to request the termination of the respective investment agreement. The arbitral award in the Arbitration has been rendered by the Beijing Arbitration Committee on 20 March 2024, which, amongst other things, contained the awards that the respective agreement was terminated accordingly. In the opinion of the directors, the said earnest money are expected to be settled in 2025 and classified as other receivables.

The related receivables had been disposed during the year ended 31 December 2025.

(d) Receivables due from a controlling shareholder and directors had been disposed of during the 2025. The amounts are unsecured, interest-free and no fixed terms of repayment. Maximum outstanding amount due from a controlling shareholder and amount due from directors are approximately RMB3,448,000 and approximately RMB1,360,000 respectively during the 2024.

The carrying amounts of the other receivables are mainly denominated in RMB.

Notes to the Consolidated Financial Statements

30. PREPAYMENTS AND OTHER CURRENT ASSETS

	2025 RMB'000	2024 RMB'000
Prepayments for inventory purchases	96,921	–
Prepayments for sport competition and event organisation expenses	491	6,755
Others	84	11
	97,496	6,766

The carrying amounts of prepayment and other current assets are all denominated in RMB.

31. CASH AND BANK BALANCE

	2025 RMB'000	2024 RMB'000
Bank balances	155,487	246,473
Bank balances and cash shown in the consolidated statement of financial position	155,487	246,473
Less: Bank deposits with a maturity of more than three months	–	–
Cash and cash equivalents shown in the consolidated statement of cash flows	155,487	246,473

Cash and cash equivalents comprise cash held by the Group and short-term deposits with an original maturity of three months or less. The balances are mainly denominated in RMB, HKD, GBP and USD.

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Bank balances and bank deposits carried at prevailing market rates ranging from 0.01% to 0.05% per annum during the period ended 31 December 2025 (2024: 0.01% to 5.85%).

Notes to the Consolidated Financial Statements

32. SHARE CAPITAL

	Number of shares	US\$'000	RMB'000
Authorised:			
At 1 January 2024 (ordinary shares of US\$0.00025 each)	4,000,000,000	1,000	–
Share consolidation (note (a))	(3,600,000,000)	–	–
Increase (note (a))	1,600,000,000	4,000	–
At 31 December 2024 and 1 January 2025 (ordinary shares of US\$0.0025 each)			
	2,000,000,000	5,000	–
At 31 December 2025 (ordinary shares of US\$0.0025 each)			
	2,000,000,000	5,000	–
Issued and fully paid:			
At 1 January 2024 (ordinary shares of US\$0.00025 each)	1,592,942,000	398	2,454
Issue of shares (note (b))	310,000,000	78	557
Share consolidation (note (a))	(1,712,647,800)	–	–
At 31 December 2024 and 1 January 2025 (ordinary shares of US\$0.0025 each)			
	190,294,200	476	3,011
At 31 December 2025 (ordinary shares of US\$0.0025 each)			
	190,294,200	476	3,011

Note:

- (a) On 23 December 2024, every ten (10) issued and unissued ordinary shares with a par value of US\$0.00025 each in the authorised and issued share capital of the Company were consolidated into one (1) ordinary share with a par value of US\$0.0025 each (the “**Consolidated Shares**”) (the “**Share Consolidation**”).

The authorised share capital of the Company increased from US\$1,000,000 divided into 400,000,000 Consolidated Shares of US\$0.0025 each to US\$5,000,000 divided into 2,000,000,000 shares of US\$0.0025 each by the creation of an additional 1,600,000,000 Consolidated Shares.

- (b) On 6 March 2024, the Company entered into the subscription agreement with one subscriber who is an independent third party. Pursuant to this subscription agreement, the Company allotted and issued 310,000,000 ordinary shares of the Company at HK\$0.139 per share. The issue of subscription shares was completed on 15 March 2024.

Notes to the Consolidated Financial Statements

32. SHARE CAPITAL (Continued)

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Adjusted capital comprises all components of equity (i.e. share capital, retained profits and other reserves) except for non-controlling interests.

The externally imposed capital requirement for the Group is to have a public float of at least 25% of the shares in order to maintain its listing on the Stock Exchange.

The directors actively and regularly review and manage the Group's capital structure, taking into consideration the future capital requirements of the Group, to ensure optimal shareholders' returns. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and raise new debts or sells assets to reduce debts.

The gearing ratio as at the end of reporting period was as follows:

	2025 RMB'000	2024 RMB'000
Borrowings	5,000	6,639
Total debts	5,000	6,639
Total equity	295,599	351,471
Gearing ratio	1.69%	1.89%

The Group targets to maintain a gearing ratio to be in line with the expected changes in economic and financial conditions. The Group's overall strategy on capital management remains unchanged throughout the year.

Notes to the Consolidated Financial Statements

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2025 RMB'000	2024 RMB'000
Non-current assets		
Investments in subsidiaries	70	–
Property, plant and equipment	49	305
Right-of-use-assets	143	1,020
	262	1,325
Current assets		
Financial assets at fair value through profit or loss	–	2,091
Trade receivables	64,127	–
Other receivables	74,510	83,083
Cash and cash equivalents	145,306	243,832
	283,943	329,006
TOTAL ASSETS	284,205	330,331
Capital and reserves		
Share capital	3,011	3,011
Reserves	231,691	173,408
TOTAL EQUITY	234,702	176,419
Current liabilities		
Trade payables	48,139	–
Other payables and accrued expenses	1,216	152,875
Lease liabilities	148	1,037
	49,503	153,912
TOTAL EQUITY AND LIABILITIES	284,205	330,331

The financial statements were approved and authorised for issue by the Board of Directors on 30 March 2026 and are signed on its behalf by:

Ren Song
Director

Zhang Panpan
Director

Notes to the Consolidated Financial Statements

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Share premium RMB'000	Share-based payments reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2024	54,245	674	86,484	141,403
Loss and total comprehensive expense for the year	–	–	(7,265)	(7,265)
Issue of shares	39,270	–	–	39,270
Lapse of share options	–	(401)	401	–
At 31 December 2024	93,515	273	79,620	173,408
At 1 January 2025	93,515	273	79,620	173,408
Loss and total comprehensive expense for the year	–	–	58,283	58,283
Lapse of share options	–	(273)	273	–
At 31 December 2025	93,515	–	138,176	231,691

34. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the share premium account is available for distribution to shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company is in a position to pay off its debts as they fall due in the ordinary course of business of the Company.

(ii) Share-based payments reserve

The share-based payments reserve represents the fair value of the actual or estimated number of unexercised share options granted to Directors and employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4 to the consolidated financial statements.

34. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(iii) *Statutory reserve*

The PRC laws and regulations require companies registered in the PRC to provide for certain statutory reserves, which are to be appropriated from the profit after income tax (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to shareholders. All statutory reserves are created for specific purposes. A PRC company is required to appropriate 10% of statutory profits after income tax to statutory reserves, upon distribution of its post-tax profits of the current year.

A company may discontinue the contribution when the aggregate sum of the statutory reserve is more than 50% of its registered capital. The statutory reserves shall only be used to make up losses of the company, to expand the company's operations or to increase the capital of the company. In addition, a company may make contribution to the discretionary reserve using its post-tax profits in addition to the 10% statutory reserves requirement, as mentioned above, by passing a resolution of the Board of Directors. The Group did not make any appropriation to the discretionary reserve.

(iv) *Other reserve*

Other reserve comprises the paid-up capital and reserve of Beijing Wisdom Media, a Group's existing subsidiary which is held by Beijing Wisdom Sports under the structured contracts entered into on 24 June 2013 to obtain the effective control and substantial residual economic benefits of Beijing Wisdom Media and its subsidiaries.

Under the structured contracts signed between the Group, and Beijing Wisdom Media and its direct shareholders, such arrangement was made as part of the reorganisation for initial public offering in 2013 in order to consolidate Beijing Wisdom Media into the Group.

(v) *Fair value reserve (non-recycling)*

Fair value reserve (non-recycling) comprises the cumulative net change in the fair value of investment in equity instruments at fair value through other comprehensive income held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4 to the consolidated financial statements.

(vi) *Exchange reserve*

Exchange reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. RMB) that are recognised directly in other comprehensive income and accumulated in the Exchange reserve. Such exchange differences accumulated in the Exchange reserve are reclassified to profit or loss on the disposal of the foreign operations.

(vii) *Investment properties reserve*

The property revaluation reserve represents cumulative gains arising from revaluation of the owner-occupied properties transferred to investment properties which have been recognised in other comprehensive income. Such items will not be reclassified to profit or loss in subsequent periods.

Notes to the Consolidated Financial Statements

35. DEFERRED TAX

The followings are the deferred tax assets recognised by the Group:

Deferred tax assets	Allowance for impairment of trade receivables RMB'000
At 1 January 2024, 31 December 2024 and 1 January 2025	–
Charged to profit or loss (<i>note 14</i>)	–
At 31 December 2025	–

At the end of the reporting period, the Group has not recognised deferred tax assets in respect of unused tax losses of RMB151,251,000 (31 December 2024: RMB147,613,000) and temporary difference of RMB1,693,000 (2024: RMB19,491,000) arising from impairment loss on other receivables due to the unpredictability of future profit streams. Tax losses of RMB10,771,000 (2024: RMB30,403,277) are all arisen in the PRC and will be expired within five years for offsetting against future taxable profits. Other losses may be carried forward indefinitely.

Under the Enterprise Income Tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries of RMB44,855,000 as at 31 December 2025 (2024: RMB236,562,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

36. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Within 1 year	149	1,070	148	1,037
	149	1,070	148	1,037
Less: total future interest expenses	(1)	(33)		
Present value of lease liability	148	1,037		

At 31 December 2025, the weighted average effective interest rates of the lease liabilities of the Group were approximately 5.0% per annum (2024: 5.0%).

At 31 December 2025, the carrying amounts of the Goup's lease liabilities were denominated in HKD.

Notes to the Consolidated Financial Statements

37. TRADE PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	60,253	4,593

Trade payables comprised amounts due to suppliers for purchase of goods or services used in regular course of business. Trade payables are non-interest bearing and generally due upon demand. The aging analysis of trade payables based on the invoice dates is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 month	58,176	–
1 to 3 months	2,077	–
4 to 6 months	–	–
7 to 12 months	–	–
Over 1 year	–	4,593
	60,253	4,593

The carrying amounts of the Group's trade payables are all denominated in RMB.

38. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Payables for event operation expenses	75	77
Interest payables	15	4
Deposit received of disposal of investment properties (<i>note 22</i>)	–	26,854
Accrued salaries	285	427
Accruals	981	2,227
VAT and other tax payables	620	–
Others	387	1,243
	2,363	30,832

Notes to the Consolidated Financial Statements

39. BORROWINGS

	2025 RMB'000	2024 RMB'000
Carrying amount of borrowings that are repayable:		
– within one year	5,000	–
– from one to two years	–	–
– from two to five years	–	6,639
	5,000	6,639

The exposure of the Group's floating-rate borrowing is as follows:

	2025 RMB'000	2024 RMB'000
Floating-rate borrowing	–	6,639

The effective interest rate per annum (which are equal to contractual interest rates) on the Group's fixed-rate borrowing was 3.25% for the year ended 31 December 2025.

The Group's borrowing is wholly repayable in five years for the year ended 31 December 2024, secured by certain investment property of RMB9,280,000 as set out in note 22 and guaranteed by Ms. Ren Wen, a director of the Company.

The effective interest rate per annum (which are equal to contracted interest rates) on the Group's floating-rate borrowing was 5.99% for the year ended 31 December 2024.

The Group's borrowing is unsecured and wholly repayable in one year for the year ended 31 December 2025.

The borrowing of approximately RMB6,639,000 as at 31 December 2024 has been derecognised in January 2025 through the disposal of a subsidiary (note 22).

40. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a resolution passed on 14 June 2013 for the primary purpose of providing incentives and rewards to people and the parties working for the interest of the Group. The Share Option Scheme will remain valid for a period of ten years commencing on 14 June 2013 and shall expire at the close of business on the business date immediately preceding the tenth anniversary thereof unless terminated earlier by shareholders in general meeting. Under the Share Option Scheme, the Directors may grant options to eligible participants including the Directors, employees of the Company or any of its subsidiaries and consultants or advisers of the Company or any of its subsidiaries to subscribe for shares in the Company in accordance with the Share Option Scheme. An offer for the grant of options must be accepted within seven days from the date of offer and a consideration of HK\$1.00 is payable by each of the participants on acceptance of the grant of options.

As at 31 December 2025, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was nil (2024: 15,000), representing approximately 0.0% (2024: approximately 0.0%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in aggregate within any 12-month period is not permitted to exceed 1% of the shares of the Company in issue, without prior approval from the Company's shareholders.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period of not more than ten years after the date on which an offer of the grant of an option is accepted. The subscription price of a share is determined by the Directors, and will not be less than the higher of (a) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer, which must be a trading day; (b) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of offer; and (c) the nominal value of a share.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

Notes to the Consolidated Financial Statements

40. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

Details of the specific categories of options are as follows:

	Date of grant	Number of shares granted	Vesting period	Exercise period	Exercise price
Option 1	23.05.2014	302,500	23.05.2014-22.05.2015	23.05.2015-22.05.2024	HK\$3.92
		302,500	23.05.2014-22.05.2016	23.05.2016-22.05.2024	HK\$3.92
		302,500	23.05.2014-22.05.2017	23.05.2017-22.05.2024	HK\$3.92
		302,500	23.05.2014-22.05.2018	23.05.2018-22.05.2024	HK\$3.92
Option 2	29.05.2015	625,000	29.05.2015-28.05.2016	29.05.2016-28.05.2025	HK\$8.04
		625,000	29.05.2015-28.05.2017	29.05.2017-28.05.2025	HK\$8.04
		625,000	29.05.2015-28.05.2018	29.05.2018-28.05.2025	HK\$8.04
		625,000	29.05.2015-28.05.2019	29.05.2019-28.05.2025	HK\$8.04

The movements of the outstanding share options granted of the Group during the year ended 31 December 2025 are as follows:

Option type	Outstanding at 1 January 2025		Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding and exercisable at 31 December 2025	
		Adjustment *						
Executive Director: Song Hongfei	-	-	-	-	-	-	-	-
Option 1	-	-	-	-	-	-	-	-
Executive Director: Hao Bin	15,000	-	-	-	-	(15,000)	-	-
Option 2	15,000	-	-	-	-	(15,000)	-	-
	15,000	-	-	-	-	(15,000)	-	-
Exercisable at the end of the year								-
Weighted average exercise price	-	-	-	-	-	-	-	-

* The exercise price per share option and the number of share options were adjusted upon the completion of Share Consolidation on 23 December 2024.

Notes to the Consolidated Financial Statements

40. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

The movements of the outstanding share options granted of the Group during the year ended 31 December 2024 are as follows:

Option type	Outstanding at 1 January 2024	Adjustment *	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding and exercisable at 31 December 2024
Executive Director: Song Hongfei	215,000	-	-	-	-	(215,000)	-
Option 1	215,000	-	-	-	-	(215,000)	-
Executive Director: Hao Bin	150,000	(135,000)	-	-	-	-	15,000
Option 2	150,000	(135,000)	-	-	-	-	15,000
	365,000	(135,000)	-	-	-	(215,000)	15,000
Exercisable at the end of the year							15,000
Weighted average exercise price	HK\$6.70	N/A	N/A	N/A	N/A	N/A	HK\$80.36*

During the years ended 31 December 2025 and 2024, no options were granted.

Notes to the Consolidated Financial Statements

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities (note 36) RMB'000	Borrowings (note 39) RMB'000	Total RMB'000
As at 1 January 2025	1,037	6,639	7,676
Raise of new loan	–	5,000	5,000
Payment of principle element of lease liabilities	(875)	–	(875)
Interest paid on lease liabilities	(31)	–	(31)
Total changes from financing cash flows	(906)	5,000	4,094
Effect of changes in foreign exchange rates	(14)	–	(14)
Other changes:			
New lease entered	–	–	–
Decrease in borrowings arising from the disposal of a subsidiary	–	(6,639)	(6,639)
Interest on lease liabilities	31	–	31
Total other changes	31	(6,639)	(6,608)
As at 31 December 2025	148	5,000	5,148

Notes to the Consolidated Financial Statements

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

(Continued)

	Lease liabilities RMB'000	Borrowings (note 39) RMB'000	Total RMB'000
As at 1 January 2024	–	6,610	6,610
Payment of principle element of lease liabilities	(702)	–	(702)
Interest paid on bank borrowing	–	(430)	(430)
Interest paid on lease liabilities	(51)	–	(51)
Total changes from financing cash flows	(753)	(430)	(1,183)
Effect of changes in foreign exchange rates	(10)	29	19
Other changes:			
New lease entered	1,749	–	1,749
Interest on bank borrowing	–	430	430
Interest on lease liabilities	51	–	51
Total other changes	1,800	430	2,230
As at 31 December 2024	1,037	6,639	7,676

42. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the emoluments of Directors and other members of key management during the year were as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Directors' fees	–	–
Salaries and allowances	567	1,820
Retirement benefit scheme contributions	27	131
	594	1,951

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements is set out below:

Comparison of Key Financial Figures	For the year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	223,487	78,066	32,243	4,976	12,172
Cost	(200,959)	(67,929)	(33,083)	(1,476)	(12,384)
Gross profit/(loss)	22,528	10,137	(840)	3,500	(212)
Loss before income tax	(29,229)	(45,560)	(81,171)	(67,503)	(44,376)
Loss attributable to the owners of the Company	(32,738)	(52,582)	(87,178)	(75,479)	(47,849)
Total assets	367,514	411,397	412,358	499,155	586,595
Total liabilities	71,915	59,926	43,759	38,384	52,260