



廣東集信國控檢測認證 技術服務中心股份有限公司

GUANGDONG SYNTRUST GK TESTING AND CERTIFICATION
TECH SERVICE CENTER CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 8629

2025 Interim Report

廣東集信

Characteristics of GEM of the Stock Exchange

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Contents

	Page
Glossary	3
Corporate Information	6
Management Discussion and Analysis	8
Corporate Governance and Other Information	38
Independent Review Report	44
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	46
Interim Condensed Consolidated Statement of Financial Position	47
Interim Condensed Consolidated Statement of Changes in Equity	49
Interim Condensed Consolidated Statement of Cash Flows	50
Notes to Interim Condensed Consolidated Financial Information	52



In this report, unless the context otherwise requires, the following terms shall have the following meanings:

"Articles"	the articles of association of the Company, currently in force, as amended, supplemented or otherwise modified from time to time
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the GEM Listing Rules
"Company"	Guangdong Syntrust GK Testing and Certification Tech Service Center Co., Ltd. (廣東集信國控檢測認證技術服務中心股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on GEM
"Director(s)"	the director(s) of the Company
"GEM"	GEM operated by the Stock Exchange
"GEM Listing Rules"	The Rules Governing the Listing of Securities on GEM of the Stock Exchange
"Group"	the Company and its subsidiaries
"Guangdong AMR"	Guangdong Administration for Market Regulation (廣東省市場監督管理局)
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"H Share(s)"	ordinary shares in the share capital of the Company with a nominal value of RMB1.00, which are traded in HK dollars and listed on the Stock Exchange
"Listing"	the listing of the H Shares on GEM



Glossary

"Listing Date"	6 September 2024
"PRC" or "China" or "Mainland China"	The People's Republic of China excluding, for the purpose of this report, Hong Kong, Macau and Taiwan
"Prospectus"	the prospectus of the Company dated 26 August 2024 in connection with the Share Offer
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Unlisted Shares and the H Shares
"Share Offer"	the public offer and placing of the H Shares to investors in Hong Kong pursuant to the Prospectus
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	member(s) of the Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company
"T&I"	testing and inspection
"Unlisted Share(s)"	ordinary share(s) in the share capital of the Company with a nominal rate of RMB1.00, which are not listed on any stock exchange
"Xinyi City CEQS Center"	Xinyi City Construction Engineering Quality and Safety Affairs Center (信宜市建設工程質量安全事務中心), a public institution (事業單位) under the Xinyi City Bureau of Housing and Urban-Rural Development (信宜市住房和城鄉建設局) and the controlling Shareholder of the Company

"Xinyi Xinhui"

Xinyi City Xinhui State-owned Capital Investment Group Co., Ltd. (信宜市信匯國有資本投資集團有限公司), a limited liability company which is wholly-owned by Xinyi City Bureau of Finance (信宜市財政局) and a substantial Shareholder of the Company



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Lai Feng (*Chairman*)
Huang Fei
Mai Jiayu
Zhang Xihua

Non-executive Directors

Zou Chan
Chen Guangfu

Independent Non-executive Directors

Liu Hongge
Deng Dian
Luo Qiling

SUPERVISORY COMMITTEE (abolished on 16 May 2025)

Wu Weiyuan
Chen Shende
Chen Haibin
Zhou Kelin
Zhang Zhihang

REGISTERED OFFICE IN THE PRC

No. 1, Xinyi Avenue South
Dingbao Town, Xinyi City
Maoming City, Guangdong Province
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

46/F, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

COMPANY WEBSITE

www.xyjiance.cn

JOINT COMPANY SECRETARIES

Liu Dongxue
Ng Tung Ching Raphael (*an associate member of both the Hong Kong Chartered Governance Institute and the Chartered Governance Institute*)
(appointed on 21 March 2025)
Cheung Lai Ha (*an associate member of both the Hong Kong Chartered Governance Institute and the Chartered Governance Institute*)
(resigned on 21 March 2025)

AUTHORISED REPRESENTATIVES

Lai Feng
Ng Tung Ching Raphael (appointed on 21 March 2025)
Cheung Lai Ha (resigned on 21 March 2025)

BOARD COMMITTEES

Audit Committee

Liu Hongge (*Chairlady*)
Luo Qiling
Deng Dian

Remuneration Committee

Liu Hongge (*Chairlady*)
Luo Qiling
Deng Dian

Nomination Committee

Lai Feng (*Chairman*)
Luo Qiling
Liu Hongge



Corporate Information

H SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

LEGAL ADVISER AS TO HONG KONG LAWS

Loeb & Loeb LLP
2206-19 Jardine House
1 Connaught Place
Central, Hong Kong

AUDITOR

Ernst & Young
*Certified Public Accountants and
Registered Public Interest Entity Auditor*

PRINCIPAL BANKERS

China Construction Bank Corporation
Maoming Xinyi Chengzhong Sub-branch
No. 2 Xinshang Road
Xinyi City, Maoming
Guangdong Province, China

COMPLIANCE ADVISER

Yue Xiu Capital Limited
Rooms Nos. 4917-4937
49/F, Sun Hung Kai Centre
30 Harbour Road
Wanchai, Hong Kong



Management Discussion and Analysis

BUSINESS OVERVIEW

Listed on GEM of the Stock Exchange on 6 September 2024, the Group is a T&I services provider in Maoming, Guangdong Province of China that offers a comprehensive range of construction engineering T&I services, including foundation testing service, infrastructure and public roads testing service, construction material testing service, slope monitoring and foundation pit monitoring services, hydraulic engineering T&I services as well as food and agricultural and motor vehicle related testing services.

As at the date of this report, the Group had obtained accreditation in a total of 42 categories for T&I services relating to construction engineering, product and material testing, environmental testing, food testing and agricultural related testing approved by the Guangdong AMR under the Inspection and Testing Agency Qualification Certificate, and the Group offers testing services with over 3,446 parameters under the 42 categories.

MARKET REVIEW

1. Development trends in the industry in which the Group operates

(1) National policies facilitate the development of the testing and inspection industry

With the national “Rural Revitalisation Initiative” (鄉村振興) policy and Guangdong Province “Project for the High-Quality Development of Hundreds of Counties, Thousands of Towns and Tens of Thousands of Villages” (《百縣千鎮萬村高質量發展工程》) being implemented in depth, the economic vitality of tier 3 and below cities continues to strengthen, driving sustainable growth in the demand for independent T&I services. The market size of the independent T&I industry in Western Guangdong increased from approximately RMB2.3 billion in 2019 to approximately RMB3.6 billion in 2023, with a CAGR of 11.3%. The independent T&I industry in this region is anticipated to reach approximately RMB6.5 billion by 2028, with a CAGR of 12.7%, maintaining a steady growth. As a well-known T&I service provider in Maoming, the Group is well-positioned to capitalize on the business opportunities brought by these policies by leveraging its background as a state-owned inspection institution, which has a significant impact on the improvement of its performance.



Management Discussion and Analysis

In the field of hydropower and water conservancy T&I, the PRC government has continuously increased investment in water conservancy infrastructure in recent years. Particularly, the 14th Five-Year Plan explicitly proposes to accelerate the modernization of water conservancy, improve the water resource allocation system, and enhance flood control and drought resistance capabilities. This has increased the demand for hydropower and water conservancy T&I services. In the field of transportation engineering T&I, with the in-depth implementation of the national "Strong Transportation Nation" strategy and Guangdong Province's "Strong Transportation Province" initiatives, China has continuously invested in transportation infrastructure, particularly in Western Guangdong, where major transportation projects, such as highways, railways and ports are being steadily advanced. As a critical component of ensuring project quality, transportation engineering testing is experiencing growing market demand. The implementation of these policies will serve as a significant catalyst for the future business expansion of the Group in the water conservancy and transportation testing sectors, creating greater development opportunities for the Group.

(2) Competition in the testing and inspection industry is highly intense

According to the latest statistics, there are over 100 state-owned and private construction engineering testing institutions in Western Guangdong, indicating an extremely competitive market environment. In this background, some competitors have secured more advantageous positions by leveraging their strengths in pricing, service models, market recognition and diversification of service offerings. In the face of such intense competition, the Group needs to adjust its operating strategies and business models in a promptly and swiftly manner. Through technological innovation, service quality enhancement and cost control optimization measures, the Group can continuously improve its competitiveness and profitability.



Management Discussion and Analysis

(3) The trend in inspection business is increasingly diversified

Currently, the T&I industry is exhibiting a clear trend of business diversification. With continuous advancements in technology and evolving market demands, customers' demand for testing services is increasingly diversified and customerized. To meet this market demand, the Group is required to actively expand its business scope and explore new testing projects and service models. Building on its traditional construction engineering T&I services, the Group continues to deepen and expand the field of food testing, and at the same time, extends its offerings to multiple testing fields, such as transportation engineering, water conservancy engineering and fire safety, thereby forming a diversified business structure. This will enable the Group to better adapt to market changes, enhance its comprehensive competitiveness and achieve sustainable development.

2. Analysis of the core competitiveness of the Group

(1) Brand and credibility advantages

As the first listed company in Xinyi City and the first state-owned listed enterprise in Western Guangdong, the brand and credibility of the Group are pivotal to its development. Since its establishment, the Group has served as the primary technical support unit for the Xinyi City People's Government in managing construction engineering quality and safety. Upholding the values of "Integrity, Professionalism, Collaboration and Win-Win" and adhering to the service philosophy of "Science, Credibility, Accuracy and Excellence", the Group has established a strong presence in the regional market of Western Guangdong, committed to providing reliable and accurate T&I services to its customers. The comprehensive T&I capabilities, construction engineering T&I expertise, and market performance of the Group are in leading positions, particularly in Western Guangdong. In addition, the Group enjoys high brand recognition and market influence within the industry.



Management Discussion and Analysis

(2) Advantages of an excellent management team and professional talent

The sustainable development of an enterprise depends on the growth of its team. The Group has a management team led by Mr. Lai Feng, who has over a decade of experience in the construction testing industry and is capable of quickly grasping industry development trends and promptly adapting to policy and industry changes. The team demonstrates exceptional synergy in strategic planning and maintains high efficiency in execution. The Company places great emphasis on the reserve of professional talent, leveraging its brand influence to attract a group of qualified mid-to-senior engineers, including 12 seasoned senior engineers. The team members not only possess extensive testing experience but also profound professional knowledge, having obtained 255 Training Certificates issued by the Provincial Safety Testing and Appraisal Association, 11 Steel Structure Testing Certifications awarded by the Chinese Mechanical Engineering Society for Non-Destructive Testing (NDT) and 13 Highway and Waterway Testing Engineer Qualifications granted by the Vocational Qualification Center of The Ministry of Transport, which enables them to provide comprehensive and precise testing services to customers.

(3) Technological research and development advantages

The Group places significant emphasis on technological research and development. In 2020, the Group successfully developed the Testing and Inspection Information Artificial Intelligent Management System V1.0, which was awarded a Computer Software Copyright Registration Certificate by the National Copyright Administration of the PRC. To further enhance the performance of the system, the Group continuously optimized it and successfully upgraded it to V2.0 version in early 2024. This upgrade achieved real-time, on-site, and error-free management of ledgers at the operational level, fully meeting the diverse needs of modern office environments for paperless, process-driven, data-driven, mobile, and intelligent operations. In 2023, the Group independently developed the first unmanned smart construction laboratory in the PRC, realizing unmanned and fully automated T&I. In addition, the Group has also independently developed a material delivery pallet for construction material testing, the Pile Foundation Bearing Capacity Testing System V1.0, and the Concrete Quality Testing System V1.0, all of which have obtained national patents or computer software copyright registration certificate. In 2024, the Group has independently developed a reinforcement bar placement frame and recently obtained the national patent certificate. Furthermore, the Group has also established collaborative relationships with colleges to jointly conduct technical research and promote applications, continuously enhancing the Group's technical capabilities and service standards.



Management Discussion and Analysis

(4) Customer resource advantages

Over the years, the Group has established a solid market position and a broad customer base in Maoming. Our customer base primarily consists of private and public sector entities, such as property developers and construction companies, state-owned investment companies, relevant PRC government institutions and PRC government administrative bureaus. The Group is capable of providing customized service solutions tailored to the specific circumstances and needs of different customers, helping them improve product quality and market competitiveness.

(5) Diversified service advantages

Building on its established strengths in original construction testing, the Group has implemented a diversified service strategy. Since May 2024, the food and agricultural products testing department officially launched its business, creating a new revenue stream. In the field of environmental testing, the Group has focused on air quality testing and has achieved significant progress. Currently, the Company possesses testing qualifications across 42 categories and over 3,446 testing parameters, making it one of the most comprehensively qualified testing institutions in Maoming, to meet the diverse service needs of customers.

Looking forward, the Group will continue to deepen its presence in the environmental testing and food testing market while actively expanding into emerging areas, such as transportation engineering, water conservancy engineering and fire safety. Through this diversified business presence, the Group can build a broader customer base. This strategy not only enhances the resilience of the business to risks, ensuring operational stability and sustainability, but also helps the Group seize market opportunities, promoting leapfrog development of the business.

Management Discussion and Analysis



BUSINESS REVIEW

1. Introduction of major business

As of 30 June 2025, the Group has expanded its major business to include Hydraulic engineering testing services. The Group has been committed to providing comprehensive and high-quality T&I services to our customers, mainly covering construction engineering testing services, construction engineering T&I services, hydraulic engineering T&I services as well as food testing services. Our diversified service portfolio enables us to meet the diverse needs of different customer groups, including private and public sector entities, such as property developers, construction companies, state-owned investment companies, PRC government institutions and PRC government administrative bureaus. The Company has obtained accreditation in a total of 42 different categories for construction engineering T&I services, which displays a high level of professionalism, good reputation and market competitiveness of the Group.

(1) Construction Engineering Testing Services

Construction engineering testing services business focus on offering comprehensive and professional testing services for various construction projects in order to ensure the quality and safety of the projects. The major business includes foundation testing services, which evaluate the bearing capacity of foundation and integrity of pile foundation so as to ensure the stability of construction foundation; infrastructure and public roads testing services, which cover the testing of roads, bridges, tunneling and other public facilities to ensure their use performance and durability; construction material testing, which analyzes the physical and chemical properties of construction materials such as concrete, steel and asphalt to ensure that the materials comply with standard requirements; building structure testing, which assesses the safety of the overall structure of buildings, including the diagnosis of cracks, deformations and other problems; product and material testing services, which are dedicated to offering comprehensive and professional testing services for various industry products and construction materials to ensure that their quality, performance, and safety comply with national standards and industry norms. The major testing coverage includes construction materials, metal products (including structural metal products and other metal products), daily-use chemical products (such as paints), ceramic products (such as building ceramics), electrical and electronic products (including low voltage, high voltage, wire and cable, and electronic equipment), and furniture. By carrying out systemic testing and assessment of the physical properties, chemical composition, mechanical strength, durability, and safety of materials, the department offers customers accurate testing data and reports, facilitating the improvement



Management Discussion and Analysis

of product quality and enhancement of market competitiveness; the environmental testing services, which mainly involved air quality testing indoors, decoration pollution assessment, construction engineering fields, public places, and people's livelihood fields. There are two certified testing methods, namely the Standard for Indoor Environmental Pollution Control of Civil Building Engineering (《民用建筑工程室內環境污染控制標準》) GB 50325-2020, and the Standard Method for Hygienic Examination of Formaldehyde in Air of Residential Areas — Spectrophotometric Method (《居住區大氣中甲醛衛生檢驗標準方法分光光度法》) GB/T 16129-1995. In terms of air testing, the Group conducts comprehensive and accurate testing of the air indoors and outdoors by professional technical teams and advanced testing equipment. The Group can accurately monitor various types of pollutants in the air, such as formaldehyde, benzene, toluene, xylene, TVOC, and radon, strictly adhering to the related national standards and norms and offering scientific and reliable air quality assessment reports for customers.

(2) Construction Engineering Inspection Services

Construction engineering inspection services mainly include slope monitoring and foundation pit monitoring services. Foundation pit monitoring involves regular or continuous inspections, measurements, monitoring, data collection, analysis, and feedback activities implemented during the construction and usage phases of an excavation pit in a building project to assess the safety condition, changes, characteristics, and development trends of the pit and its surrounding environment. This is done through various means and methods, including instrument measurements, on-site inspections, and other techniques to ensure the safety of the excavation pit and its surroundings. Slope monitoring involves measurements, monitoring, data collection, analysis, and feedback activities carried out during the construction, trial operation, and operational phases of a building slope to assess the safety condition, changes, characteristics, and development trends of the slope. Various means and methods, such as instrument measurements, are employed. By providing slope and foundation pit monitoring services, we ensure the comprehensive evaluation of slope conditions, foundation pit stability, and early detection of potential risks. These monitoring services contribute significantly to the safety and success of construction projects by facilitating timely interventions, minimising hazards, and maintaining the structural integrity of slopes and foundation pits. Slope monitoring and foundation pit monitoring are normally required in the stage of excavation of foundation pit and backfilling of earthworks during a building construction project. They may also be required throughout certain infrastructure projects.

Management Discussion and Analysis



(3) Hydraulic Engineering T&I Services

On 16 April 2025, the Group entered into a capital increase agreement with Maoming Yueshui Engineering Testing and Inspection Co., Ltd.* (茂名市粵水工程檢測有限公司) ("**Yueshui Engineering Testing and Inspection**") and Nanyue Hydraulic and Hydropower Planning, Survey and Design Co., Ltd.* (茂名市南粵水利水電規劃勘測設計有限公司) ("**Nanyue Hydraulic**") to subscribe for a 51% equity interest of Yueshui Engineering Testing and Inspection at a consideration of RMB9.33 million (the "**Capital Increase**"). The market supervision change registration procedures were completed on 4 June 2025. Upon completion of the Capital Increase, the Group and Nanyue Hydraulic hold 51% and 49% controlling interests in Yueshui Engineering Testing and Inspection respectively, aiming to integrate resources, expand market share and strengthen competitiveness in related fields. Hydraulic engineering T&I services are a core link in ensuring the structural safety, functional stability, and long-term durability of engineering projects, covering the entire lifecycle quality supervision from raw material entry, construction process control, completion acceptance to operation and maintenance. Leveraging Yueshui Engineering Testing and Inspection's business network and technical advantages, the Group will be able to strengthen its key service capabilities, which includes: (i) raw material testing (such as steel bars, cement, fly ash, filling materials, gabion nets, geotextiles, geogrids, sand and gravel aggregates, block stones, concrete mixtures, mortar mixtures, bricks, asphalt, etc.); (ii) intermediate product testing (such as concrete specimens, mortar specimens, steel bar welded joints, precast concrete components, etc.); (iii) material testing (such as filled soil, rockfill, stone masonry, concrete, foundations, foundation piles, cross-sectional measurement review, metal structures, mechanical and electrical equipment, etc.); and (iv) routine and specialized testing within the scope of various professional qualifications. These testings can effectively prevent engineering hidden dangers, such as leaks, cracks, and settlement, ensure the safe operation of key facilities such as dams, power stations, and channels, and provide scientific support for the entire lifecycle management of major hydraulic engineering projects, thereby comprehensively improving the Group's operational efficiency and profitability and promoting long-term strategic development.

* For identification purpose only



Management Discussion and Analysis

(4) Food and Agricultural Products Testing Services

The food and agricultural products testing department officially launched its business since May 2024, focusing on offering comprehensive testing services for the food industry to ensure food safety and quality in accordance with the national standards. The main services include testing of physical and chemical properties, additives, veterinary drug residues, hazardous substances, elements, toxins and other in food products, using both quantitative testing and rapid testing methods. Quantitative testing accurately determines the levels of specific components or contaminants in samples through high-end equipment, such as gas and liquid chromatography-mass spectrometry systems. Rapid testing employs multi-functional agricultural and veterinary drug residue detector and other technologies to quickly screen for target substances as a preliminary screening tool, significantly enhancing testing efficiency. We are entrusted by a PRC government administrative bureau responsible for food safety supervision to undertake tasks, such as rapid testing in urban farmers' markets and special food safety sampling at the county level to provide technical support for food safety supervision.

In order to further enhance the testing capabilities, the Group has acquired testing equipment, such as advanced gas and liquid chromatographs, nitrogen evaporator, to conduct comprehensive analysis and testing of ingredients like pesticides, veterinary drugs and antibiotics, significantly improving the accuracy and efficiency of testing.

Management Discussion and Analysis



2. Analysis of business competitiveness

Throughout the years, the Group has been providing a full range of construction engineering T&I services, which includes foundation testing, infrastructure and public roads testing, construction material testing, building structure testing, as well as slope monitoring and foundation pit monitoring services. The diversified service offering has allowed the Group to meet the diverse needs of different customer groups, including private and public sector entities, such as property developers, construction companies, state-owned investment companies, PRC government institutions and PRC government administrative bureaus. As at the date of this report, the Company has obtained accreditation in 42 categories for different construction engineering T&I services within three areas, covering over 3,446 parameters testing qualifications, which demonstrates a significant improvement in our professionalism and credibility.

This comprehensive coverage demonstrates our ability to deliver thorough and precise assessments, meeting the varied requirements of our customers and ensuring compliance with industry standards. In particular, our static load testing capacity for our foundation testing services has reached 35,000 kN. According to the latest statistics set out in the Prospectus, among the top five construction engineering testing and inspection services providers in Maoming, only two of them, including the Group, have obtained the necessary qualification to conduct static load testing with a capacity reaching 35,000 kN or more. We are also one of a few testing and inspection institutions capable of implementing fully automated process in our slope monitoring. With our capability of providing a wide spectrum of services, we are able to meet the needs of our existing customers and acquire new customers, solidifying our market presence and diversifying revenue streams.



Management Discussion and Analysis

The food and agricultural products testing department officially launched its business since May 2024, focusing on offering comprehensive testing services for the food and agricultural industry to ensure safety and quality of food and agricultural products comply with the national standards. The Group provides food testing services for quality control and traceability in Xinyi City as well as market pre-inspection services and generated approximately RMB5.40 million by provision of food and agricultural products testing services for the six months ended 30 June 2025. The Group has obtained testing qualifications for 851 parameters across five categories in three fields of food and agricultural product testing. The main services include testing of physical and chemical properties, additives, veterinary drug residues, hazardous substances, elements and toxins in food products. The Group has further cooperated with the market supervision authorities to carry out regular and rapid testing of agricultural products in the market, effectively safeguarding the safety and quality of food and ensuring compliance with the national standards. The series of initiatives fully demonstrates the Group's strategic direction of focusing on the development of food and agricultural products testing business.

In order to become a comprehensive T&I services company, we also tap into the hydraulic engineering testing services industry. On 16 April 2025, the Group, Yueshui Engineering Testing and Inspection and Nanyue Hydraulic entered into a capital increase agreement, pursuant to which the Company conditionally agreed to subscribe for 51% of the enlarged registered capital of Yueshui Engineering Testing and Inspection.

3. Updates Relating to Qualification Requirements of the Testing and Inspection of Construction Engineering Quality Inspection Agencies

The Administrative Measures for the Quality Inspection of Construction Engineering (《建設工程質量檢測管理辦法》) promulgated by the Ministry of Construction on 28 September 2005 which was re-promulgated by the Ministry of Housing and Urban-Rural Development (the "MOHURD") on 29 December 2022 and became effective on 1 March 2023, and the Notice of the Ministry of Housing and Urban-Rural Development on Issuance of Qualification Standards of Construction Engineering Quality Inspection Agencies (《住房和城鄉建設部關於印發〈建設工程質量檢測機構資質標準〉的通知》) issued and implemented by the MOHURD on 31 March 2023, stipulate the construction engineering quality inspection agencies are required to obtain the appropriate qualification certificates to engage in the quality inspection business under the regulations and set out the qualifications requirements of the inspection agencies and personnel, as well as the functions and scope of supervision of the relevant regulatory authorities.



Management Discussion and Analysis

On 21 October 2024, the Guangdong Provincial Department of Housing and Urban-Rural Development issued the Notice of the Guangdong Provincial Department of Housing and Urban-Rural Development on Preparation for Relevant Matters Concerning the Qualification Approval of Construction Engineering Quality Testing Institutions (《廣東省住房和城鄉建設廳關於做好建設工程質量檢測機構資質審批有關事項準備的通知》), pursuant to which (i) if the validity period of the qualification certificate of construction engineering quality inspection institutions issued by Guangdong Province under previous qualification standards expires on or after 31 October 2024, it shall be uniformly extended to 31 October 2025; and (ii) inspection agencies that have obtained qualification certificates in Guangdong Province under previous qualification standards shall apply for re-assessment in accordance with the Qualification Standards of Construction Engineering Quality Inspection Agencies (《建設工程質量檢測機構資質標準》) prior to 31 October 2025.

Following the issuance of the above documents, the Guangdong Provincial Department of Housing and Urban-Rural Development issued to the Company the "Construction Engineering Quality Testing Institution Qualification Certificate" (Yue) Jian Jian Zhuan Zi No. 20250053 ((粵)建檢專字第20250053號《建設工程質量檢測機構資質證書》) on 22 July 2025, with the specialized testing scope including (i) building materials and components, (ii) main structure and decoration, (iii) steel structures, (iv) foundation, (v) building energy-saving, (vi) municipal engineering materials and (vii) road works.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue Breakdown by Type of Services

The Group generated revenue primarily from the provision of construction engineering testing and inspection services. The following table sets forth the breakdown of revenue for the Group's revenues by types of services for the six months ended 30 June 2025 and 2024:

	For the six months ended 30 June			
	2025		2024	
	RMB'000	%	RMB'000	%
Construction engineering testing services				
Foundation testing service	9,699	38.9	14,112	61.8
Construction material testing service	2,522	10.1	2,409	10.5
Building structure testing service	1,391	5.5	810	3.5
Infrastructure and public roads testing service	3,070	12.3	1,408	6.2
	16,682	66.8	18,739	82.0
Construction engineering inspection services				
Slope monitoring and foundation pit monitoring services	1,228	4.9	1,292	5.7
Food and agricultural testing services	5,134	20.6	2,799	12.3
Hydraulic engineering testing services	1,798	7.2	—	—
Other business	116	0.5	—	—
Total	24,958	100.0	22,830	100.0



Management Discussion and Analysis

Revenue generated from the provision of construction engineering testing services for the six months ended 30 June 2025 decreased by 10.98% to RMB16.68 million (for the six months ended 30 June 2024: RMB18.74 million). This was due to normal fluctuations in accordance with the progress of the construction projects.

Revenue generated from the provision of construction engineering inspection services decreased by 4.95% to RMB1.23 million for the six months ended 30 June 2025 (for the six months ended 30 June 2024: RMB1.29 million), remaining basically the same as the previous year.

Revenue generated from the provision of food and agricultural products testing increased by 83.42% to RMB5.13 million for the six months ended 30 June 2025 (for the six months ended 30 June 2024: RMB2.80 million), primarily due to the launch of food and agricultural products services in May 2024.

Revenue generated from the provision of hydraulic engineering testing services amounted to RMB1.80 million for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil), primarily due to the revenue generated from Yueshui Engineering Testing and Inspection, a subsidiary of the Group since May 2025.

Revenue generated from the provision of other services amounted to RMB0.12 million for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil), primarily due to the newly acquired business of the Group, specifically the termite control services of Yueshui Engineering Testing and Inspection.

Cost of Sales

Cost of sales increased by 82.04% to RMB12.12 million for the six months ended 30 June 2025 (for the six months ended 30 June 2024: RMB6.66 million), which is mainly attributable to (i) the increase in depreciation expenses in relation to the office building and fixed assets of the Group; and (ii) the increase in the number of engineers has driven the growth of wages and salaries.

Management Discussion and Analysis

Gross Profit and Gross Profit Margin by Type of Services

The following table sets out the gross profit and the gross profit margin by product category for the six months ended 30 June 2025 and 2024:

	For the six months ended 30 June					
	2025		2024		Increase/ (Decrease)	
	Gross profit/ (loss) RMB'000	Gross profit/ (loss) margin %	Gross profit RMB'000	Gross profit margin %	Increase/ (Decrease) in gross profit %	Increase/ (Decrease) in gross profit margin % point
Construction engineering testing services						
Foundation testing service	7,587	78.2	12,513	88.7	(39.4)	(10.5)
Construction material testing service	(197)	(7.8)	492	20.4	(140.0)	(28.2)
Building structure testing service	503	36.2	469	57.9	7.2	(21.7)
Infrastructure and public roads testing service	1,658	54.0	508	36.1	226.4	17.9
sub-total	9,551	57.3	13,982	74.6	(31.7)	(17.3)
Construction engineering inspection services						
Slope monitoring and foundation fit monitoring services	(6)	(0.5)	476	36.8	(101.3)	(37.3)
Food and agricultural testing services	1,691	32.9	1,714	61.2	(1.3)	(28.3)
Hydraulic engineering testing services	1,507	83.8	—	—	—	83.8
Other business	95	81.9	—	—	—	81.9
Total	12,838	51.4	16,172	70.8	(20.6)	(19.4)

Management Discussion and Analysis



The Group's overall gross profit margin decreased to 51.4% (for the six months ended 30 June 2024: 70.8%). The decrease in the overall gross profit margin was mainly due to the following factors: (i) an increase in employees' compensation as a result of an increase in the number of employees for the expansion of the Group's testing and inspection services business; and (ii) an increase in the depreciation expenses due to the procurement of new equipment and the renovation of new office spaces.

Other Income

For the six months ended 30 June 2025, the Group recorded other income of RMB0.36 million (for the six months ended 30 June 2024: RMB0.11 million). Other income consisted primarily of interest income, as a result of the increase in cash and cash equivalents due to the proceeds from the successful listing of the Company in September 2024.

Administrative Expenses

For the six months ended 30 June 2025, the Group's administrative expenses amounted to approximately RMB6.88 million (for the six months ended 30 June 2024: RMB5.49 million), which represented approximately 27.55% (for the six months ended 30 June 2024: 24.03%) of the Group's total revenue. The increase in administrative expenses was mainly attributed to the increase in depreciation and amortization and professional fees.

Impairment Losses on Financial Assets at Amortised Cost, net

For the six months ended 30 June 2025, the Group's impairment in financial assets at amortised cost amounted to approximately RMB1.64 million (for the six months ended 30 June 2024: impairment of RMB0.13 million), which is mainly attributable to the increase in trade receivables in the first half of 2025.

Finance Costs

The total finance cost of the Group for the six months ended 30 June 2025 amounted to approximately RMB0.75 million (for the six months ended 30 June 2024: RMB0.49 million). The increase in finance costs was mainly due to the increase in interest expense on lease liabilities.



Management Discussion and Analysis

Income Tax Expenses

Income tax provision of the Group for the six months ended 30 June 2025 was approximately RMB1.39 million (for the six months ended 30 June 2024: RMB2.47 million). The total profits decreased due to the increase in costs and expenses, resulting in a decrease in income tax.

Profit and Total Comprehensive Income and Earnings Per Share Attributable to Ordinary Equity Holders of the Parent

As a result of the foregoing, the profit and total comprehensive income for the six months ended 30 June 2025 was approximately RMB1.89 million (for the six months ended 30 June 2024: RMB7.34 million), representing a decrease of 74.29% over last year.

The Group's earning per share attributable to ordinary equity holders of the parent was approximately RMB0.04 for the six months ended 30 June 2025 (for the six months ended 30 June 2024: RMB0.31).

Property, Plant and Equipment

As of 30 June 2025, the property, plant and equipment amounted to RMB29.76 million (31 December 2024: RMB24.38 million). The increase was mainly attributable to the acquisition of additional machinery and equipment for our business expansion.

Dividend

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

Right-of-Use Assets

As of 30 June 2025, the right-of-use assets amounted to RMB38.11 million (31 December 2024: RMB38.66 million). The decrease was attributable to the depreciation of existing right-of-use assets of RMB1.0 million, and the addition of RMB0.45 million in right-of-use assets for newly established and acquired subsidiaries.

Deferred Tax Assets

As of 30 June 2025, the deferred tax assets amounted to RMB3.78 million (31 December 2024: RMB2.30 million). The increase was mainly attributable to the increase in provision for bad debts and the decrease in one-off listing incentive receivable.

Management Discussion and Analysis



Inventories

As of 30 June 2025, the inventories amounted to RMB4.08 million (31 December 2024: RMB2.98 million). The increase was mainly attributable to the increase in contract fulfilment costs of RMB1.1 million, which represents the asset recognized in relation to costs to fulfil contract for testing services.

Trade Receivables

The trade receivables of the Group primarily represent amounts receivables from customers. As of 30 June 2025, the trade receivables amounted to RMB65.64 million (31 December 2024: RMB48.64 million).

The number of turnover days of trade receivables was 414 days (2024: 257 days). For the six months ended 30 June 2025, the trade receivables turnover days increased, mainly due to slower customer repayment progress in the first half of 2025, resulting in an increase in trade receivables turnover days.

Prepayments and other Receivables

As of 30 June 2025, the prepayments and other receivables amounted to RMB5.28 million (31 December 2024: RMB7.73 million). The decrease was mainly attributable to the one-off listing incentive receivable of RMB3.0 million recognized at the end of 2024, which was fully received in January 2025.

Time Deposits

As of 30 June 2025, the time deposits amounted to Nil (31 December 2024: RMB10 million). The decrease was mainly attributable to the maturity and redemption of a six-month time deposit purchased by the Group in December 2024.

Cash and Cash Equivalents

As of 30 June 2025, the cash and cash equivalent amounted to RMB100.57 million (31 December 2024: RMB99.86 million). The increase was mainly attributable to an increase in monetary funds due to normal capital inflows exceeding capital outflows.



Management Discussion and Analysis

Trade Payables

The trade payables of the Group primarily represent amounts payable to suppliers and subcontractors. As of 30 June 2025, the trade payables amounted to approximately RMB5.71 million (31 December 2024: RMB4.83 million). The increase in trade payables was mainly attributable to the increase in subcontracting.

The number of turnover days of trade payables for the six months ended 30 June 2025 was 79 days (2024: 49 days). The increase was mainly attributable to the extension of settlement period for trade payables related to purchase of services.

Liquidity, Financial Resources and Capital Structure

The Group's primary sources of operating funds are cash flow from operating activities. As at 30 June 2025, the Group's current ratio was 6.33 (31 December 2024: 9.35). The Group maintained a net cash position, reflecting its healthy financial condition, paving the way for future development. The gearing ratio (calculated as net debt divided by the adjusted capital plus net debt) is not applicable as the Group had a net surplus of RMB77.35 million as at 30 June 2025 (31 December 2024: net surplus of RMB85.16 million). The Company successfully raised approximately HK\$54.4 million of net proceeds from its listing and as at 30 June 2025, the Group's total cash and cash equivalents amounted to approximately RMB100.57 million (31 December 2024: RMB99.86 million).

Treasury Policy

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the year. The Group strives to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Management Discussion and Analysis



Foreign Exchange Risk

The Group has transactional currency exposures as certain payables and cash and cash equivalent held in currencies other than the Company's functional currencies. The foreign exchange risk mainly arises from the exposure of RMB against Hong Kong dollars and United State dollars for certain other payables for listing expenses.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Capital Commitments

Capital commitment as at 30 June 2025 of RMB2.85 million was primarily related to the purchase of buildings and machinery equipment related to the seven specialised qualification certificates and the office equipments (31 December 2024: RMB1.34 million).



Management Discussion and Analysis

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2025 (31 December 2024: Nil).

Charge of Assets

None of the Group's assets were pledged as at 30 June 2025 (31 December 2024: Nil).

Foreign Currency Risks

The Group operates in the PRC with most of its transactions settled in RMB. The Group's assets and liabilities, and transactions arising from operation are mainly denominated in RMB. Accordingly, it is believed that the Group does not have any material foreign currency risks that would affect its operation. However, the management team will continue to monitor foreign currency risks and adopt prudent measures as appropriate.

Interest Rate Risks

The Group had no significant interest-bearing liabilities as at 30 June 2025 (31 December 2024: Nil). The fair value interest rate risk that arises from financial assets and liabilities carried at fixed rates is not significant for the Group.

Significant Investments and Acquisitions

As at 30 June 2025, the Group did not have any significant investment (31 December 2024: Nil).

Material Acquisitions or Disposal of Subsidiaries, Associates or Joint Ventures

On 16 April 2025, the Group entered into a capital increase agreement with Yueshui Engineering Testing and Inspection and Nanyue Hydraulic, pursuant to which the Group agreed to subscribe for 51% of the enlarged registered capital of Yueshui Engineering Testing and Inspection at a consideration of RMB9,330,000.

Management Discussion and Analysis



Future Plans for Material Investments and Capital Assets

The Group may identify acquisition opportunities which may benefit the Group's further growth. The Group will continue to keep its shareholders and potential investors abreast of any relevant material development by making further announcement(s) as and when appropriate in accordance with the requirements under the GEM Listing Rules.

Save as disclosed, the Group does not have any plans for material investments and capital assets acquisitions for the coming 12 months.

EMPLOYEES AND REMUNERATION POLICIES

As of 30 June 2025, the Group had 115 employees (30 June 2024: 94 employees).

The Group's employee benefit expenses mainly includes salaries, discretionary bonuses, housing, medical insurance and other social insurance. During the six months ended 30 June 2025, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately RMB8.66 million (for the six months ended 30 June 2024: RMB6.76 million). Remuneration is determined generally with reference to the qualification, experience and work performance of the relevant employee, whereas the payment of discretionary bonus is generally subject to work performance of the relevant employee, the financial performance of the Group and general market conditions.

EVENT AFTER THE END OF THE REPORTING PERIOD

On 5 August 2025, the Group and Xinyi City Bureau of Finance entered into the Equity Transfer Agreement, pursuant to which the Group conditionally agreed to acquire and Xinyi City Bureau of Finance conditionally agreed to sell the entire equity interest in Xinyi Rongli Motor Vehicle Inspection Co., Ltd for a total consideration of RMB12,570,900. Save as disclosed, the Group did not have any material subsequent event after 30 June 2025 and up to the date of this report.

Management Discussion and Analysis

USE OF PROCEEDS

The net proceeds from the Share Offer after deducting listing related expenses amounted to approximately HK\$54.4 million (the “**Actual Net Proceeds**”). These proceeds were intended to be utilised over the three years from September 2024 to December 2026.

As at 30 June 2025, an adjusted allocation in the same manner and same proportions as shown in the Prospectus and the actual use of the Actual Net Proceeds are as follows:

Business objective	Planned use of net proceeds as stated in the Prospectus HK\$'000	Actual use of proceeds from the Listing Date to 31 December 2024 HK\$'000	Unutilised net proceeds as at 31 December 2024 HK\$'000	Actual use of proceeds from 1 January 2025 to 30 June 2025 HK\$'000	Unutilised net proceeds as at 30 June 2025 HK\$'000	Expected timeline for utilising the unutilised net proceeds
Expanding the construction engineering testing services to achieve Comprehensive Qualification under the Qualification Standards of Construction Engineering Quality Inspection Agencies and strengthen the existing construction engineering testing and inspection services	14,950.3	1,669.9	13,280.4	—	13,280.4	By 31 December 2026
Strengthening the existing market presence in Maoming and expanding the service footprint into the 3rd to 5th tiers cities in Western Guangdong	15,102.3	—	15,102.3	—	15,102.3	By 31 December 2026
Diversifying the testing and inspection services beyond construction engineering and expanding into areas including food and agricultural, transportation and fire protection	20,327.9	489.7	19,838.2	—	19,838.2	By 31 December 2026
Upgrading the ERP system <i>(Note)</i>	3,000.4	—	3,000.4	—	3,000.4	By 30 June 2025
General working capital	1,019.6	506.5	513.1	—	513.1	By 30 June 2026
Total	54,400.5	2,666.1	51,734.4	—	51,734.4	

Note: The net proceeds from the Share Offer for this intended use were not utilised as planned. The Board will review the use of proceeds proposal of the Company and further announcements in relation to the proposed change in use of proceeds will be made as and when appropriate.



Management Discussion and Analysis

The Directors confirm that there is no material change in the nature of business of the Group. Save as disclosed above, the remaining unutilised net proceeds will be used based on the strategies as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The unutilised net proceeds have been placed as interest bearing deposits with banks in the PRC.

PROSPECTS

Market Outlook

1. *Future prospects*

With the implementation of the Administrative Measures for the Quality Inspection of Highway and Waterway Engineering (《公路水運工程質量檢測管理辦法》) (Jiao Tong Yun Shu Bu Ling [2023] No. 9), the Department of Transport of Guangdong Province will accelerate efforts to strengthen national and provincial transportation capabilities, excellently complete the 14th Five-Year Plan targets and scientifically formulate the 15th Five-Year Plan, thereby contributing to the "Project for the High-Quality Development of Hundreds of Counties, Thousands of Towns and Tens of Thousands of Villages (百縣千鎮萬村高質量發展工程)" and the "Green and Beautiful Guangdong Ecological Development Initiative" (綠美廣東生態建設) as a pioneer in transport development. On 11 December 2024, the introduction of the Administrative Measures for Investment Projects within the Central Budget for Water Conservancy (《水利中央預算內投資專項管理辦法》) (Fa Gai Nong Jing Gui [2024] No. 1761) has created new growth opportunities for the water conservancy testing market. This policy will benefit the Group in acquiring water conservancy engineering testing qualifications and expanding its water conservancy testing business.

Supported by these policies, the Group will actively expand its business and seize market opportunities by focusing on testing areas, including food and agricultural products testing, transportation engineering, water conservancy engineering and fire protection testing to achieve diversified development and enhance its overall competitiveness and market influence.



Management Discussion and Analysis

2. *Potential risks faced by the Group*

- (1) Our business may be affected by the development of China's property development, construction and infrastructure sectors, which are beyond our control.

We provide our construction engineering testing and inspection services mainly to property developers and construction companies, state-owned investment companies, relevant PRC government institutions and PRC government administrative bureaus. The number of projects of our customers is subject to the macroeconomic conditions and fixed asset investment. In particular, 59.3%, 30.9%, 35.8%, 28.6% and 34.25% of our revenue for 2021, 2022, 2023, 2024 and the first half of 2025 were generated from the property developers. We expect the property developers to continue to be one of our customers types. As a result, our financial performance is correlated to the performance of the PRC real estate market, which is sensitive to economic fluctuations and relevant regulatory rules and policies. In recent years, the national real estate development investment has experienced a slowdown, with a 10% year-on-year decrease from RMB11.1 trillion in 2023 to RMB10.03 trillion in 2024, which has adversely affected the business and financial position of our customers.

The Group has established a dedicated department for the above risks, which closely monitors policy developments from relevant regulatory authorities and regularly reports to management. The Group has also continued personnel training across testing sectors to strengthen risk resilience and proactively respond to policy risks. In addition, the Group has refined its marketing strategy to correct public misconceptions that equate its services solely with housing inspections. By highlighting its strengths in municipal engineering testing and urban renewal projects for older residential communities, the Group will showcase its diversified testing capabilities through multiple channels and dimensions to reshape market perceptions.

Management Discussion and Analysis



- (2) Our business operation is concentrated in Maoming, Guangdong Province, and our business, financial position and result of operation are affected by the status of development in economic conditions, government policies or business environment in this region.

Our business operation is predominantly concentrated in Maoming, Guangdong Province. During the six months ended 30 June 2025, the majority of our revenue was generated from our testing and inspection services relating to construction and infrastructure works in Maoming. We expect that Western Guangdong, in particular Maoming, will remain to account for a significant portion of our operations in the near future. Due to such concentration, and due to the fact that the provision of construction engineering T&I services is a regulated industry in the PRC, our business, financial position and result of operation are affected by the status of development in government policies or business environment in Maoming or in Western Guangdong (such as any change in the economic conditions, development prospect and pace of urbanisation, and any shift in government policies and regulations regarding the property development, construction and testing and inspection industries).

To mitigate risks associated with business concentration in Maoming, the Group will reduce its reliance on a single region and strengthen the Group's risk resilience through market expansion to the Pearl River Delta and other cities, diversification of service offerings, promptly adapting our business strategies in response to the change in policy and other risk management measures.



Management Discussion and Analysis

- (3) Decision-making and integration risks associated with mergers and acquisitions (M&A) by the Group.

To sustain long-term growth, the Group may pursue M&A activities in the future to integrate and synergize resources, enhance market competitiveness, expand business scope and optimise resource allocation. However, M&A processes involve complex decision-making and integration, posing various inherent risks.

Adhering to prudent principles, the Group conducts thorough due diligence, comprehensive evaluations, and return-on-investment analyses during the pre-acquisition phase. By recruiting industry professionals with integration expertise to collaborate in operational management and continuously monitoring whether investments align with plans and expectations, the Group aims to strengthen post-investment management. Pursuant to the Articles, the Board will engage experts and professionals to evaluate significant investment matters and submit them to a Shareholders' meeting for approval, thereby enhancing the scientific rigor and quality of major investment decisions.

Business Objectives of the Group

- 1. Expanding the construction engineering testing services to achieve Comprehensive Qualification under the Qualification Standards of Construction Engineering Quality Inspection Agencies and strengthen the existing construction engineering testing and inspection services.***

In order to conduct all existing construction engineering testing and inspection businesses of the Group, we need to acquire seven out of the nine Specialised Qualifications. These include building materials and components, main structure and decoration, foundation, building energy-saving, municipal engineering materials, and road works.

In the qualification application action plan, the Group has met all reputation and management requirements prior to the Listing. Within one month after the Listing, the Group has completed the procurement and installation of equipment required for qualification applications. Currently, the Group has fulfilled all requirements (including personnel) of the seven Specialised Qualifications. The seven qualifications are: (i) building materials and components, (ii) main structure and decoration, (iii) foundation, (iv) building energy-saving, (v) municipal engineering materials, (vi) road works, and (vii) steel structures.

Management Discussion and Analysis



2. Strengthening the existing market presence in Maoming and expanding the service footprint of the Group into the 3rd to 5th tiers cities in Western Guangdong.

Founded in 2000 and headquartered in Xinyi City, Maoming, we have grown in terms of revenue generated from testing and inspection services.

Being headquartered in Xinyi City, Maoming provides us with a strategic advantage. We are geographically close to the cities in Western Guangdong, allowing us to easily reach our customers and provide prompt services. Our local presence enables us to understand the unique needs and dynamics of these cities. Operating in the region also enables us to provide our professional services at a relatively lower overhead costs, including lower transportation and labor expenses. This can positively impact our profitability and financial performance, allowing us to offer competitive pricing while maintaining quality service delivery. Over the years, we have built an extensive network of contacts and partnerships in the region. This network strengthens our ability to serve our customers effectively. We have established relationships with local government agencies, construction companies, and other key stakeholders, enabling us to navigate the local business environment well and collaborate closely with our clients. We have successfully tapped into some of the 3rd to 5th tiers cities in Maoming including Gaozhou City and Huazhou City. These cities are undergoing rapid urbanisation and infrastructure development. As these cities expand, new construction projects emerge, including residential complexes, commercial buildings, industrial facilities, and transportation infrastructure. The need for testing and inspection services arises to ensure the quality, safety, and compliance of these projects. With the implementation of stricter regulations and building codes, these cities are placing greater emphasis on compliance and quality control. Local authorities are enforcing higher standards for construction projects to meet safety and environmental requirements, which also drive the demand for testing and inspection services.

The increasing demand for construction engineering testing and inspection services in 3rd to 5th tiers cities in Western Guangdong is driven by urbanisation, regulatory compliance, quality assurance needs and government support. As these cities continue to grow and develop, the demand for reliable and comprehensive testing and inspection services is expected to further increase. We believe our past operation as well as our strategic location of services have laid a solid foundation for steady future growth. In addition, leveraging our stable customer base and stringent quality controls, we are able to continue to provide reliable testing and inspection services chosen by our customers.



Management Discussion and Analysis

3. Diversifying the testing and inspection services offering, and expanding into areas including food and agricultural, transportation and fire protection.

Due to the diverse nature of customer testing requirements, comprehensive network service capabilities are essential for meeting these demands. Given the dispersed and varied nature of testing needs, inspection organisations require an extensive product portfolio and professional and attentive "one-stop" services. Considering the current growth in the property development industry in China, we have recognised the importance of managing operational risks and diversifying our customer base. In line with this strategy, we plan to expand our service offerings into new areas. This expansion will enable us to tap into additional markets and reach a wider range of customers. By diversifying our services, we aim to enhance the stability and sustainability of our operations while capitalising on new opportunities for growth. Our objective is to expand our range of T&I services by venturing into new testing areas, specifically food and agricultural products T&I, transportation engineering and fire protection testing. This expansion will allow us to cater to a wider range of customers' needs and provide comprehensive solutions in these domains. We intend to further expand our service offerings into (i) food and agricultural products T&I focusing on areas such as heavy metals, microorganisms, additives, agricultural chemicals in food, medicinal materials, feed residues, and antibiotics testing; (ii) transportation construction testing, encompassing testing of road infrastructure and construction structures, including expressways, national and provincial roads; and (iii) fire protection T&I, including the evaluation of fire prevention systems, such as automatic alarm systems, automatic sprinkler systems, fire hydrant systems, and other fire safety measures in buildings.

Currently, the Group has successfully passed the Class C accreditation for transportation testing, with the qualification certificate thereof pending issuance. For food and agricultural products, the Group currently has obtained the Certificate of Compliance of Agricultural Product Quality and Safety Inspection Organisation (農產品質量安全檢測機構考核合格證書) with 851 testing parameters. The Group expects to establish a subsidiary engaged in the provision of fire protection testing and inspection services in the second half of 2025. Going forward, the Group will endorse the fire protection T&I services provided by its acquisition targets by leveraging the Group's long-standing presence in the testing industry with good reputation and brand recognition and its background as a state-owned enterprise.



Management Discussion and Analysis

Conclusion

The Group is confident for its sustainable growth and believes that its management team with extensive industry experience and its agile operations team are able to adapt to the rapid changes of the demand from the T&I industry and adjust the business strategy in accordance with market trends.



Corporate Governance and Other Information

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has adopted the principles and the code provisions of the CG Code to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner. The Company is committed to maintain high standards of corporate governance to safeguard interest of the Shareholders and ensure the quality of the constitution of the Board and transparency and accountability to the Shareholders. Save as disclosed below, the Company had complied with all the provisions in the CG Code during the six months ended 30 June 2025.

The roles of the chairman and the chief executive officer of the Company have not been separated as required by code provision C.2.1 of part 2 of the CG Code. The roles of the chairman of the Board and general manager of the Company are both performed by Mr. Lai Feng, an executive Director. The Board believes that vesting the roles of both chairman and general manager in the same individual enables the Group to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Lai Feng's extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Lai Feng continues to act as the chairman and general manager of the Company after the Listing, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors, non-executive director and independent non-executive Directors.



Corporate Governance and Other Information

NON-COMPETITION UNDERTAKINGS

The controlling shareholder of the Company, Xinyi City CEQS Center, which is an obligor under the Deed of Non-Competition (as defined in the Prospectus), has confirmed to the Company of its compliance with the non-compete undertakings provided to the Company thereunder. The independent non-executive Directors of the Company have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the controlling shareholder of the Company.

DIRECTORS', SUPERVISORS' AND CONTROLLING SHAREHOLDER'S INTEREST IN COMPETING BUSINESS

None of the Directors, Supervisors or controlling Shareholder or their respective associates (as defined in the GEM Listing Rules) is or was interested in any business, apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the six months ended 30 June 2025 and up to and including the date of this report.

DIRECTORS', SUPERVISORS AND SENIOR MANAGEMENT'S SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.46 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry to all Directors, Supervisors and members of the senior management of the Company, and the Company was not aware of any non-compliance with the required standard of dealing and its code of conduct regarding securities transactions by Directors during the six months ended 30 June 2025.



Corporate Governance and Other Information

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

As at 30 June 2025, none of the Directors, the Supervisors and the chief executive of the Group had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Group and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors, the Supervisors and the chief executive of the Group are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Group and the Stock Exchange pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules.

At no time was the Company, or any of its holding companies a party to any arrangements to enable the Directors, the Supervisors and the chief executive of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2025 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were such rights exercised by them, or was the Company, or any of its holding companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

Corporate Governance and Other Information



DIRECTORS', CHIEF EXECUTIVES' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to any Director, Supervisors or chief executive of the Company, as at 30 June 2025, the persons or corporations who had interest or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares interested	Approximate percentage of shareholding in Unlisted Shares/ H Shares ⁽¹⁾	Approximate percentage of shareholding in the total share capital of the Company ⁽¹⁾
Xinyi City CEQS Center ⁽²⁾	Beneficial owner	19,000,000 Unlisted Shares (L)	80%	56.00%
Xinyi Xinhui ⁽³⁾	Beneficial owner	4,750,000 Unlisted Shares (L)	20%	14.00%
Lin Jiangjun 林姜君	Beneficial owner	1,943,000 H Shares (L)	19.09%	5.73%
Lin Sheng Yu 林聖祐	Beneficial owner	1,109,000 H Shares (L)	10.89%	3.27%
Chen Menghua 陳孟華	Beneficial owner	1,049,500 H Shares (L)	10.31%	3.09%
Lu Sili 盧思麗	Beneficial owner	1,038,500 H Shares (L)	10.20%	3.06%
Liang Yishuang 梁藝爽	Beneficial owner	999,500 H Shares (L)	9.82%	2.95%
Z K 張坤	Beneficial owner	530,000 H Shares (L)	5.21%	1.56%
Zhang Yunling 張雲凌	Beneficial owner	527,500 H Shares (L)	5.18%	1.55%



Corporate Governance and Other Information

Notes:

- (1) It was based on 33,929,000 issued Shares of the Company (comprising 23,750,000 Unlisted Shares and 10,179,000 H Shares) as at 30 June 2025.
- (2) Xinyi City CEQS Center is a public institution under the Xinyi City Bureau of Housing and Urban-Rural Development (信宜市住房和城乡建设局).
- (3) Xinyi Xinhui is a limited liability company incorporated in the PRC on 24 August 2022. Xinyi Xinhui is wholly-owned by Xinyi City Bureau of Finance (信宜市财政局), a department of the Xinyi County People's Government (信宜市人民政府).

Save as disclosed above, as at 30 June 2025, the Directors, Supervisors and the chief executive of the Company are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE SCHEME

As at the date of this report, the Company had not adopted any share scheme under Rules 23.07 and 23.09 of the GEM Listing Rules.

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

The Company and its subsidiaries had not purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the six months ended 30 June 2025 and up to the date of this report. As at 30 June 2025, no treasury shares were held by the Company.



Corporate Governance and Other Information

REVIEW BY AUDIT COMMITTEE AND REVIEW BY AUDITOR

The Board has established an Audit Committee with written terms of reference in compliance with the CG Code, which were revised and adopted on 13 August 2024. The Audit Committee comprises all the three independent non-executive Directors, namely Ms. Liu Hongge, Mr. Luo Qiling and Ms. Deng Dian. Ms. Liu is the chairlady of the Audit Committee. The Company's unaudited condensed consolidated interim results for the six months ended 30 June 2025 have been reviewed by the Audit Committee, and the Audit Committee is of the view that such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made. The results of the Group for the six months ended 30 June 2025 have been reviewed by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants.



Independent Review Report



Ernst & Young
27/F, One Taikoo Place,
979 King's Road,
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the board of directors of Guangdong Syntrust Gk Testing And Certification Tech Service Center Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 46 to 68, which comprises the condensed consolidated statement of financial position of Guangdong Syntrust Gk Testing And Certification Tech Service Center Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**") as at 30 June 2025 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("**HKAS 34**") as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independent Review Report

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Certified Public Accountants
Hong Kong
20 August 2025

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Audited)
REVENUE	5	24,958	22,830
Cost of sales		(12,120)	(6,658)
Gross profit		12,838	16,172
Other income		362	109
Administrative expenses		(6,877)	(5,485)
Research and development expenses		(616)	(280)
Impairment losses on financial assets at amortised cost, net		(1,638)	(127)
Other expenses		(40)	(84)
Finance costs		(750)	(488)
PROFIT BEFORE TAX	6	3,279	9,817
Income tax expense	7	(1,391)	(2,474)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,888	7,343
Attributable to:			
Owners of the parent		1,350	7,343
Non-controlling interests		538	—
		1,888	7,343
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted		RMB0.04	RMB0.31

Interim Condensed Consolidated Statement of Financial Position

30 June 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	29,764	24,381
Right-of-use assets		38,107	38,661
Goodwill	14	2,083	—
Other intangible assets		511	502
Deferred tax assets		3,779	2,299
Prepayments and other receivables		2,400	1,680
Total non-current assets		76,644	67,523
CURRENT ASSETS			
Inventories		4,083	2,983
Trade receivables	11	65,642	48,637
Prepayments and other receivables		2,875	6,046
Time deposits		—	10,000
Cash and cash equivalents		100,571	99,856
Total current assets		173,171	167,522
CURRENT LIABILITIES			
Trade payables	12	5,705	4,831
Other payables and accruals		19,342	10,330
Lease liabilities		1,421	1,219
Tax payable		887	1,534
Total current liabilities		27,355	17,914
NET CURRENT ASSETS		145,816	149,608
TOTAL ASSETS LESS CURRENT LIABILITIES		222,460	217,131
NON-CURRENT LIABILITIES			
Lease liabilities		37,949	38,342
Total non-current liabilities		37,949	38,342
Net assets		184,511	178,789

Interim Condensed Consolidated Statement of Financial Position

30 June 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	33,929	33,929
Reserves		141,121	144,860
		175,050	178,789
Non-controlling interests		9,461	—
Total equity		184,511	178,789

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	Attributable to owners of the parent						
	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2024 (audited)	33,929	107,050	2,812	34,998	178,789	—	178,789
Profit and total comprehensive income for the period	—	—	—	1,350	1,350	538	1,888
Final 2024 dividend	—	—	—	(5,089)	(5,089)	—	(5,089)
Dividends paid to a non-controlling shareholder	—	—	—	—	—	(490)	(490)
Acquisition of a subsidiary (note 14)	—	—	—	—	—	6,963	6,963
Capital contribution from a non-controlling shareholder	—	—	—	—	—	2,450	2,450
At 30 June 2025 (unaudited)	<u>33,929</u>	<u>107,050*</u>	<u>2,812*</u>	<u>31,259*</u>	<u>175,050</u>	<u>9,461</u>	<u>184,511</u>

	Attributable to owners of the parent						
	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2023 (audited)	23,750	57,322	1,182	20,331	102,585	—	102,585
Profit and total comprehensive income for the period	—	—	—	7,343	7,343	—	7,343
At 30 June 2024 (audited)	<u>23,750</u>	<u>57,322</u>	<u>1,182</u>	<u>27,674</u>	<u>109,928</u>	<u>—</u>	<u>109,928</u>

* These accounts comprised the reserves of RMB141,121,000 as at 30 June 2025 as stated in the interim condensed consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,279	9,817
Adjustments for:			
Finance costs		750	488
Provision for expected credit loss of trade receivables	6	1,638	128
Reversal for expected credit loss of other receivables	6	—	(1)
Loss on disposal of items of property, plant and equipment	6	19	—
Depreciation and amortisation	6	3,452	1,623
Foreign exchange differences, net	6	2	—
Interest income		(288)	(49)
		8,852	12,006
Increase in inventories		(935)	(1,195)
Increase in trade receivables		(15,393)	(3,677)
Decrease/(increase) in prepayments and other receivables		3,217	(443)
Increase/(decrease) in trade payables		728	(120)
Increase in other payables and accruals		162	30
Cash (used in)/generated from operations		(3,369)	6,601
Interest received		280	49
Income tax paid		(3,579)	(5,010)
Net cash flows (used in)/from operating activities		(6,668)	1,640

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Audited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(6,501)	(11,692)
Purchases of other intangible assets		(65)	(237)
Withdrawal of time deposits		10,000	—
Acquisition of a subsidiary		2,958	—
Net cash flows from/(used in) investing activities		6,392	(11,929)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution from a non-controlling shareholder		2,450	—
Principal portion of lease payments		(667)	(192)
Interest element on lease payments		(750)	—
Repayment of lease deposits		(40)	—
Payments of listing expenses deducted against equity		—	(6,205)
Net cash flows from/(used in) financing activities		993	(6,397)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		99,856	59,145
Effect of foreign exchange rate changes, net		(2)	—
CASH AND CASH EQUIVALENTS AT END OF PERIOD		100,571	42,459
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		100,571	42,459



Notes to Interim Condensed Consolidated Financial Information

30 June 2025

1. CORPORATE INFORMATION

Guangdong Syntrust Gk Testing And Certification Tech Service Center Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") are principally engaged in providing testing services and inspection services for construction projects, construction materials, and food and agricultural products in the People's Republic of China ("**PRC**"). The Company's immediate holding company is Xinyi City Construction Engineering Quality and Safety Affairs Center ("**Xinyi City CEQS Center**"), a public institution under the Xinyi City Bureau of Housing and Urban-Rural Development.

The Company is a state-owned enterprise incorporated in Guangdong Province of the PRC. The Company was established as a joint-stock cooperative enterprise on 28 March 2000. The Company was converted into a limited liability company in July 2023 and was further converted into a joint stock company with limited liability in October 2023. The address of the Company's registered office is No. 1, Xinyi Avenue South, Dingbao Town, Xinyi City, Maoming City, Guangdong Province.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2024.

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period's financial information.

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 with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the general manager of the Group. As a result of this evaluation, the CODM considers that the Group's operations are operated and managed as a single segment. Accordingly, no segment information is presented.

During the period, the operations of the Group were domiciled in the PRC and the Group's revenue was attributable to the market in the PRC.

As at 30 June 2025 and 31 December 2024, the Group's non-current assets were all located in the PRC.

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

5. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Audited)
Revenue from contracts with customers:	<u>24,958</u>	<u>22,830</u>

Disaggregated revenue information for revenue from contracts with customers

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Audited)
Types of services		
Testing services	23,614	21,538
Inspection services	1,228	1,292
Others	116	—
Total	<u>24,958</u>	<u>22,830</u>
Geographical market		
Mainland China	<u>24,958</u>	<u>22,830</u>
Timing of revenue recognition		
Services transferred at a point in time	23,730	21,538
Services transferred over time	1,228	1,292
Total	<u>24,958</u>	<u>22,830</u>

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Audited)
Costs of services provided	12,120	6,658
Depreciation and amortisation	3,452	1,623
Listing fees	—	887
Foreign exchange differences, net	2	84
Provision for expected credit loss of trade receivables	1,638	128
Reversal for expected credit loss of other receivables	—	(1)
Loss on disposal of items of property, plant and equipment	19	—

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

7. INCOME TAX

The Group provides income tax expense for each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. The major components of income tax expense recognised in profit or loss are:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Audited)
Current — Mainland China		
Provision for the period	2,026	2,737
Underprovision in prior years	851	—
	2,877	2,737
Deferred	(1,486)	(263)
	1,391	2,474

8. DIVIDEND

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Audited)
Final declared — RMB0.15 (2024: Nil) per ordinary share	5,089	—

The final 2024 dividend was paid in July 2025.

No interim dividend has been declared by the Company subsequent to the end of the reporting period (six months ended 30 June 2024: Nil).

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 33,929,000 (six months ended 30 June 2024: 23,750,000) outstanding during the period.

No adjustments has been made to the basic earnings per share amounts presented for the six months ended 30 June 2025 and 2024 in respect of a dilution as the Company has no potentially dilutive ordinary shares outstanding during the periods.

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2025 (Unaudited)	2024 (Audited)
Profit for the period attributable to owners of the parent (RMB'000)	1,350	7,343
Weighted average number of ordinary shares outstanding for the purpose of earnings per share calculation	<u>33,929,000</u>	<u>23,750,000</u>

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired assets at a cost of RMB7,278,000 (30 June 2024: RMB12,748,000), excluding property, plant and equipment acquired through a business combination disclosed in note 14 to the interim condensed consolidated financial information.

Assets with a net book value of RMB19,000 were disposed of by the Group during the six months ended 30 June 2025 (30 June 2024: Nil), resulting in a net loss on disposal of RMB19,000 (30 June 2024: Nil).

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

11. TRADE RECEIVABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade receivables	78,570	59,927
Impairment	(12,928)	(11,290)
	<u>65,642</u>	<u>48,637</u>

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 1 year	45,946	35,899
1 to 2 years	16,027	11,785
2 to 3 years	3,041	590
3 to 4 years	526	288
Over 4 years	102	75
	<u>65,642</u>	<u>48,637</u>

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

12. TRADE PAYABLES

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

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 1 year	5,551	4,831
1 to 2 years	154	—
	<u>5,705</u>	<u>4,831</u>

13. SHARE CAPITAL

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Issued and fully paid: 33,929,000 (2024: 33,929,000) ordinary shares	<u>33,929</u>	<u>33,929</u>

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

14. BUSINESS COMBINATION

On 16 April 2025, the Company, Nanyue Hydraulic and Hydropower Planning, Survey and Design Co., Ltd. and Maoming Yueshui Engineering Testing and Inspection Co., Ltd. ("Yueshui") had entered into a capital increase agreement, pursuant to which the Company had agreed to subscribe 51% of the enlarged registered capital of Yueshui at a consideration of RMB9,330,000. The acquisition was completed during the period. Yueshui is engaged in the provision of hydraulic engineering testing and inspection services. The acquisition was made as part of the Group's strategy to expand its business network and client base in Western Guangdong.

The fair values of the identifiable assets and liabilities of Yueshui subject to the finalisation of the fair value estimate as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000 (Unaudited)
Property, plant and equipment	653
Cash and bank balances	2,958
Trade receivables	3,250
Other receivables	46
Trade payables	(146)
Accruals and other payables	(1,820)
Deferred tax liabilities	(6)
Tax payable	(55)
Total identifiable net assets at fair value	4,880
Non-controlling interests*	(2,391)
Goodwill on acquisition	2,083
Satisfied by the acquisition of non-controlling interests of the injected capital*	4,572

* The aggregate non-controlling interests acquired from the acquisition of Yueshui amounted to RMB6,963,000.

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

14. BUSINESS COMBINATION (Continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash and bank balances acquired included in cash flows from investing activities	2,958
Transaction costs of the acquisition included in cash flows from operating activities	(253)
Total net cash inflow	2,705

Reconciliation of the carrying amount of the Group's goodwill at the beginning and end of the reporting period is presented below:

	RMB'000 (Unaudited)
Gross carrying amount	
At 1 January 2025	—
Acquisition of a subsidiary	2,083
At 30 June 2025	2,083
Accumulated impairment losses	
At 1 January 2025 and 30 June 2025	—
Net book value	
At 1 January 2025	—
At 30 June 2025	2,083

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

14. BUSINESS COMBINATION (Continued)

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB3,250,000 and RMB46,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB3,554,000 and RMB247,000, respectively, of which trade receivables and other receivables of RMB304,000 and RMB201,000, respectively, are expected to be uncollectible.

The Group incurred transaction costs of RMB253,000 for this acquisition. These transaction costs have been expensed and are included in other expenses for the six months ended 30 June 2025.

Since the acquisition, Yueshui contributed RMB1,914,000 to the Group's revenue and RMB1,154,000 to the consolidated profit for the six months ended 30 June 2025.

Had the combination taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the period would have been RMB26,830,000 and RMB2,011,000, respectively.

15. CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any significant contingent liabilities (31 December 2024: Nil).

16. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Buildings	814	721
Equipment	2,036	614
	<u>2,850</u>	<u>1,335</u>

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

17. RELATED PARTY TRANSACTIONS

The following is a summary of the transactions carried out between the Group and its related parties during the six months ended 30 June 2025 and 2024, and balances with related parties as at 30 June 2025 and 31 December 2024.

- (a) The following companies are related parties of the Group that had significant balances and/or transactions with the Group as at/or during the period.

Name	Relationship
Xinyi City Construction Engineering Quality and Safety Affairs Center	Immediate holding company
Gaozhou Water Resources and Hydropower Engineering Construction Management Center	PRC government administrative bureau
Huazhou Water Resources and Hydropower Construction Service Center	PRC government administrative bureau
Maoming City Urban River Embankment Management Office	PRC government administrative bureau
Maoming Dianbai District Water Resources and Hydropower Construction Management Center	PRC government administrative bureau
Maoming Water Bureau	PRC government administrative bureau
Xinyi City Bureau of Housing and Urban-Rural Development	PRC government administrative bureau
Xinyi Education Bureau	PRC government administrative bureau
Xinyi Market Supervision and Administration Bureau	PRC government administrative bureau
Xinyi Municipal Bureau of Culture, Radio, Television, Tourism and Sports	PRC government administrative bureau
Xinyi Public Security Bureau	PRC government administrative bureau
China Construction Fifth Engineering Division Corp., Ltd. Xinyi Branch	Entity controlled by PRC government

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

17. RELATED PARTY TRANSACTIONS (Continued)

- (a) The following companies are related parties of the Group that had significant balances and/or transactions with the Group as at/or during the period. (Continued)

Name	Relationship
China Railway 23rd Bureau Group Corporation Limited Maoming Branch	Entity controlled by PRC government
Foshan Gaoming District Yuean Motor Car Detection Co., Ltd.	Entity controlled by PRC government
Gaozhou City Construction Affairs Center	Entity controlled by PRC government
Guangdong Construction Engineering Group Co., Ltd. Huazhou Branch	Entity controlled by PRC government
Guangdong Provincial Water Resources and Hydropower Third Engineering Bureau Co., Ltd.	Entity controlled by PRC government
Guangdong Yuantian Engineering Co., Ltd.	Entity controlled by PRC government
Guangzhou Municipal Government Group Co., Ltd. Maoming Branch	Entity controlled by PRC government
Xinyi City Urban Comprehensive Investment Development Co., Ltd.	Entity controlled by PRC government
Xinyi City Xinhua Agriculture, Culture and Tourism Investment and Development Co., Ltd.	Entity controlled by PRC government
Xinyi Municipal Government Investment Project Construction Center	Entity controlled by PRC government
Xinyi Qianpai Town Central Kindergarten	Entity controlled by PRC government
Xinyi Xinjian Urban and Transportation Investment Development Co., Ltd.	Entity controlled by PRC government
Xinyi Xinye Industry and Industrial Park Investment Co., Ltd.	Entity controlled by PRC government

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

17. RELATED PARTY TRANSACTIONS (Continued)

- (b) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

	Notes	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Audited)
Addition of right-of-use assets from entities controlled by PRC government	(i)	304	36,304
Interest expenses on lease liabilities to:			
Entities controlled by PRC government	(i)	750	447
PRC government administrative bureaus		—	42
Rendering of services to:			
Immediate holding company	(ii)	47	43
PRC government administrative bureaus and entities controlled by the PRC Government	(iii)	14,096	9,753

Notes:

- (i) In April 2025, the Group entered into a lease agreement with Foshan Gaoming District Yuean Motor Car Detection Co., Ltd., with a lease term of 2 years from April 2025. The leased properties are used for offices and laboratories.

In April 2024, the Group entered into a lease agreement with Xinyi Xinye Industry and Industrial Park Investment Co., Ltd., with a lease term of 20 years from April 2024. The leased properties are used for offices and laboratories.

- (ii) The Group provided testing services to the immediate holding company. The transaction prices of these services are determined with reference to the prevailing market prices.
- (iii) The Group provided testing services and inspection services to certain PRC government administrative bureaus and entities controlled by the PRC Government. The transaction prices of these services are determined with reference to the prevailing market prices.

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

17. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances with related parties:

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade receivables from immediate holding company	(i)	76	31
Trade receivables from PRC government administrative bureaus and entities controlled by the PRC Government	(i)	<u>48,335</u>	<u>34,755</u>

Note:

- (i) The balances of trade receivables were trade in nature, unsecured, interest free and receivable in 90 to 180 days.

(d) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Audited)
Short term employee benefits	905	810
Post-employment benefits	<u>262</u>	<u>138</u>
	<u>1,167</u>	<u>948</u>

18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the six months ended 30 June 2025, the Company had non-cash additions to right-of-use assets and lease liabilities of RMB479,000 and RMB476,000, respectively, in respect of lease arrangements for buildings.

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits, trade receivables, trade payables, current portion of financial assets included in prepayments and other receivables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following method and assumptions were used to estimate the fair values:

The fair values of the non-current portion of other receivable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

	Carrying amounts		Fair values	
	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Financial assets				
Other receivables, non-current portion	397	352	397	352

The Group did not have any financial assets and liabilities measured at fair values as at 30 June 2025 and as at 31 December 2024.



Notes to Interim Condensed Consolidated Financial Information

30 June 2025

20. EVENTS AFTER THE REPORTING PERIOD

On 5 August 2025, the Company and Xinyi City Bureau of Finance entered into an equity transfer agreement, pursuant to which the Company conditionally agreed to acquire, and Xinyi City Bureau of Finance conditionally agreed to sell the entire equity interest in Xinyi Rongli Motor Vehicle Inspection Co., Ltd. for a total consideration of RMB12,570,900.

21. COMPARATIVE AMOUNTS

Reclassification has been made to certain comparative figures as the Group believes the revised classification could provide better presentation to the users of the financial statements.

22. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 20 August 2025.