



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

Annual Report  
**2025**

# Characteristics of GEM of the Stock Exchange

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**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.**

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# Glossary

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

|                                 |  |
|---------------------------------|--|
| <b>“AGM”</b>                    | an annual general meeting of the Company   |
| <b>“Articles”</b>               | the articles of association of the Company, currently in force, as amended, supplemented or otherwise modified from time to time   |
| <b>“Audit Committee”</b>        | the audit committee of the Board   |
| <b>“Board”</b>                  | the board of Directors of the Company  |
| <b>“Board Diversity Policy”</b> | the board diversity policy of the Company adopted on 13 August 2024  |
| <b>“CG Code”</b>                | the Corporate Governance Code contained in Appendix C1 to the GEM Listing Rules  |
| <b>“Company”</b>                | 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 with limited liability, whose H Shares are listed on GEM |
| <b>“Company Law”</b>            | the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented and otherwise modified from time to time   |
| <b>“Director(s)”</b>            | the director(s) of the Company   |
| <b>“Dividend Policy”</b>        | the dividend policy of the Company adopted on 5 August 2024  |
| <b>“EGM”</b>                    | an extraordinary general meeting of the Company  |
| <b>“GEM”</b>                    | GEM operated by the Stock Exchange   |
| <b>“GEM Listing Rules”</b>      | The Rules Governing the Listing of Securities on GEM of the Stock Exchange   |
| <b>“Group”</b>                  | the Company and its subsidiaries   |
| <b>“Guangdong AMR”</b>          | Guangdong Administration for Market Regulation (廣東省市場監督管理局)  |

# Glossary

|   |  |
|---|--|
| <b>“H Share(s)”</b>   | 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 |
| <b>“HK\$”</b>   | Hong Kong dollars, the lawful currency of Hong Kong  |
| <b>“Hong Kong”</b>  | The Hong Kong Special Administrative Region of the PRC   |
| <b>“Listing”</b>  | the listing of the H Shares on GEM   |
| <b>“Listing Date”</b>   | 6 September 2024   |
| <b>“Nomination Committee”</b>                                     | the nomination committee of the Board  |
| <b>“PRC” or “China” or “Chinese Mainland” or “Mainland China”</b> | The People’s Republic of China excluding, for the purpose of this report, Hong Kong, Macau and Taiwan  |
| <b>“Prospectus”</b>   | the prospectus of the Company dated 26 August 2024 in connection with the Share Offer  |
| <b>“Remuneration Committee”</b>                                   | the remuneration committee of the Board  |
| <b>“RMB”</b>  | Renminbi, the lawful currency of the PRC   |
| <b>“Securities Law”</b>   | the Company Law of the PRC (《中華人民共和國證券法》), as amended, supplemented and otherwise modified from time to time   |
| <b>“SFO”</b>  | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)  |
| <b>“Share(s)”</b>   | 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           |
| <b>“Share Offer”</b>  | the public offer and placing of the H Shares to investors in Hong Kong pursuant to the Prospectus  |
| <b>“Shareholder(s)”</b>   | the holder(s) of the Share(s)  |

# Glossary

|                                 |  |
|---------------------------------|--|
| <b>“Stock Exchange”</b>         | The Stock Exchange of Hong Kong Limited  |
| <b>“T&amp;I”</b>                | testing and inspection   |
| <b>“Unlisted Share(s)”</b>      | 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   |
| <b>“Xinyi City CEQS Center”</b> | 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 |
| <b>“Xinyi Xinhui”</b>           | 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  
(resigned on 31 December 2025,  
which took effect on 23 January 2026)  
Liu Juemao  
(appointed on 23 January 2026)

### 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  
(resigned on 15 November 2025)  
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 (enable the Audit Committee to exercise the authority of the Supervisory 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  
under the Accounting and Financial  
Reporting Council Ordinance*

## PRINCIPAL BANKERS

China Construction Bank Corporation  
(Maoming Xinyi 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

# Chairman's Statement

Dear Shareholders,

On behalf of the Board of Guangdong Syntrust GK Testing and Certification Tech Service Center Co., Ltd., I am pleased to present the annual report of the Group for the year ended 31 December 2025.

## OVERVIEW

The Group has been committed to providing comprehensive and high-quality T&I services to our customers, mainly covering construction engineering T&I services, product and material testing services, environmental testing services, hydraulic engineering T&I services, food testing services and motor vehicle testing. 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. As at the date of this report, the Group had also obtained accreditation in a total of 43 categories for testing and inspection services relating to construction engineering, product and material testing, environmental testing, food testing and agricultural related testing approved by the Guangdong AMR. In March 2025, the Company obtained the Highway and Waterway Engineering Quality Testing Institution Qualification Certificate (Highway Engineering – Class C), which covers 99 parameters. In July 2025, the Company obtained the Construction Engineering Quality Testing Institution Qualification Certificate (Building Materials and Components, Main Structure and Decoration, Steel Structure, Foundation Engineering, Building Energy Conservation, Municipal Engineering Materials and Road Engineering) for 7 projects, which covers a total of 460 parameters at the Xinyi testing site and a total of 266 parameters at the Gaoming testing site. In terms of CMA certification, there were 262 new parameters in July 2025 and 1,891 new parameters in October 2025, all of which displays a high level of professionalism, good reputation and market competitiveness.

## FINANCIAL PERFORMANCE

During the year ended 31 December 2025, the Group recorded a significant increase in revenue and continued improvement in profitability. Revenue of the Group surged to approximately RMB81.36 million, representing an increase of 47.2% over last year (2024: RMB55.26 million). Profit attributable to ordinary equity holders of the parent for the year increased by 24.6% over last year to approximately RMB20.31 million (2024: RMB16.3 million). Basic earnings per Share were RMB0.60. To share the success with the Shareholders, the Board recommended the payment of a final dividend of RMB0.18 per Share (inclusive of applicable taxes) for the year ended 31 December 2025. The total payout dividend for the year amounted to approximately RMB6.11 million and the total dividend payout ratio for the year amounted to approximately 30%.

# Chairman's Statement

## MARKET REVIEW

The T&I industry is experiencing significant growth driven by national policies, such as the “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》), which are boosting demand for T&I services, particularly in tier 3 and below cities. The market size of independent T&I industry in Western Guangdong is projected to grow from RMB3.6 billion in 2023 to RMB6.5 billion by 2028, with a CAGR of 12.7%. The Group, a well-established T&I service provider in Maoming, is well-positioned to benefit from these trends. However, the industry faces intense competition, with over 100 competitors in Western Guangdong, necessitating strategic adjustments, technological innovation and cost optimization. In addition, the T&I sector is increasingly diversifying, with growing demand for customized T&I services in areas such as food, agriculture and security. By expanding the service offerings of the Group and adapting to market changes, the Group aims to enhance its competitiveness and achieve sustainable growth.

## FUTURE PROSPECTS

The Group's future prospects are bolstered by policies, such as the 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) and 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), that create growth opportunities in transportation, water conservancy and diversified T&I sectors. Supported by these policies, the Group will actively expand its business and seize market opportunities by increasing its service offerings to capture the demands in the food and agricultural products testing, transportation construction, water conservancy engineering and fire protection T&I services so as to achieve diversified development and enhance its overall competitiveness and market influence.

# Chairman's Statement

## APPRECIATION

Over the years, the Group's success in achieving distinguished results is attributed to the relentless efforts of the management and the staff. On behalf of the Board, I would like to take this opportunity to extend my heartfelt thanks to all of our staff for their loyalty and contributions to the Group during the year. I would also like to express my sincere gratitude to our Shareholders and business partners for their long-term support and trust. The Group will continue to expand our market share and strengthen our leading position in the testing and inspection service market while striving for excellence, so as to achieve better results for our Shareholders.

**Lai Feng**  
*Chairman*

Hong Kong, 26 March 2026

# Management Discussion and Analysis

## BUSINESS OVERVIEW

The Group is principally engaged in the provision of construction engineering testing and inspection services, food and agricultural testing services, motor vehicle testing services and hydraulic engineering testing services in the PRC.

As at the date of this annual report, the Group had obtained accreditation in a total of 43 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 Administration for Market Regulations under the Inspection and Testing Agency Qualification Certificate, and the Group offers testing services with over 5,336 testing parameters under these 43 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.

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 directly boosted the demand for hydropower and water conservancy T&I services.

# Management Discussion and Analysis

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 above 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 promptly and swiftly. Through technological innovation, service quality enhancement and cost control optimization measures, the Group can continuously improve its competitiveness and profitability.

## **(3) Diversification in inspection business**

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.

# Management Discussion and Analysis

## 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 county-level state-owned listed enterprise in Eastern, Western and Northern 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.

### **(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 Group places high emphasis on the reserve of professional talent, leveraging its brand influence to attract a group of qualified mid-to-senior engineers, including 13 seasoned senior engineers. The team members not only possess extensive testing experience but also profound professional knowledge, having obtained 270 Training Certificates issued by the Provincial Safety Testing and Appraisal Association, 38 Steel Structure Testing Certifications awarded by the Chinese Mechanical Engineering Society for Non-Destructive Testing (NDT) and 28 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.

# Management Discussion and Analysis

## **(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, in 2024, 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 2025, a public road deflection detection method, a steel bar weighing and length measuring device, a laser marking device, a steel bar placement frame, a slope crack monitoring method and system based on grayscale and using illumination compensation, as well as a steel bar spacing measuring device and a steel bar spacing measuring method, also obtained national patent certificates.

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.

## **(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.

# Management Discussion and Analysis

## **(5) Diversified service advantages**

Building on its established strengths in original construction testing, the Group has implemented a service diversification strategy.

In terms of food and agricultural products testing, the Group has obtained the qualification certificate for agricultural product quality and safety testing institutions, covering 242 testing parameters, and established a wholly-owned subsidiary for food and agricultural product testing in November 2025.

In the area of engineering and environmental testing, the Group has focused on air quality testing business and has made significant progress.

In terms of highway engineering, the Group obtained a Class C qualification certificate for highway engineering in 2025 and established a non-wholly owned subsidiary in November of the same year to provide testing services for highway and waterway engineering.

In terms of fire protection testing, the Group established a wholly-owned subsidiary in August 2025 to officially commence fire protection testing and inspection business.

In the future, leveraging its technological accumulation, market reputation, and state-owned enterprise background, the Group will provide highly credible fire protection testing services to external clients.

As at the date of this annual report, the Company possessed testing qualifications in 43 categories covering over 5,336 testing parameters, making it one of the most qualified testing institutions in Maoming, capable of meeting the increasingly diversified service needs of its customers.

Looking ahead, the Group will build upon its environmental testing and food testing businesses, leveraging its existing comprehensive service network in transportation engineering, hydraulic engineering, and fire protection testing to further explore cross-selling potential and expand its customer base. This will enhance the Group's resilience to ensure long-term stable operations, and achieve sustained growth through diversified businesses.

# Management Discussion and Analysis

## BUSINESS REVIEW

### 1. Introduction of major business

Since April 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, food testing services and motor vehicle testing.

The Group's diversified service portfolio enables it 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 annual report, the Group had obtained accreditation in a total of 43 categories for T&I services relating to construction engineering, product and material testing, environmental testing, food testing and agricultural related testing, which fully demonstrates a high level of professionalism, a satisfactory industry reputation, and strong market competitiveness.

#### **(1) Construction Engineering Testing Services**

Construction engineering testing services business focuses 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 environmental testing services, which mainly involved air quality testing indoors, decoration pollution assessment, construction engineering fields, public places, and people's livelihood fields.

# Management Discussion and Analysis

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 of product quality and enhancement of market competitiveness.

## **(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 Company entered into a capital increase agreement with Maoming Yueshui Engineering Testing and Inspection Co., Ltd. (“**Yueshui Testing**”) 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% enlarged registered capital of Yueshui Testing 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% equity interests in Yueshui Testing 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 Testing 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.

# Management Discussion and Analysis

## **(4) Food and Agricultural Products Testing Services**

The food and agricultural products testing department officially launched its business in May 2024, focusing on offering comprehensive testing services for the food industry to ensure food safety and quality in accordance with applicable national standards.

The main services include testing of physical and chemical properties, additives, veterinary drug residues, hazardous substances, elements, toxins and other substances 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 devices and equipment, such as gas chromatography-mass spectrometry system and liquid chromatography – mass spectrometry system.

Rapid testing employs multi-functional agricultural and veterinary drug residue detectors and other technologies to quickly screen for target substances as a preliminary screening tool, significantly enhancing testing efficiency.

The Group is 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 its testing capabilities, the Group has acquired testing equipment, such as advanced gas, liquid chromatographs and inductively coupled plasma mass spectrometer, 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

## **(5) Motor Vehicle Related Testing Services**

On 5 August 2025, the Group and Xinyi City Bureau of Finance entered into an equity transfer agreement to acquire 100% equity interest in Xinyi Rongli Motor Vehicle Testing Co., Ltd. (“**Rongli Testing**”) at a consideration of RMB12.57 million, with relevant business and administration change registration completed on 27 August 2025. Upon completion of the acquisition of equity interest, Rongli Testing became a wholly-owned subsidiary of the Group, which is beneficial to the Group in integrating regional resources, expanding market coverage, as well as further enhancing its overall competitiveness in terms of motor vehicle testing.

Motor vehicle inspection and testing is a crucial link for ensuring vehicle operational safety, preventing road traffic safety risks, and safeguarding the public’s travel safety. The Group has always adhered to the principles of scientific testing, standardized services and strict quality control, and is committed to providing technical support for maintaining road traffic order, ensuring public safety, and promoting the healthy and orderly development of the motor vehicle industry.

Through this acquisition, the Group will integrate Rongli Testing’s technical and business resources in safety technology inspection, exhaust emission testing and comprehensive performance testing, continuously optimize testing processes, shorten customer waiting time, and improve testing transparency and service efficiency, thereby further enhancing its public service capabilities and overall operational efficiency. This will also lay a solid foundation for the Group’s long-term strategic development and enhance overall profitability and market influence.

## **(6) Fire Protection Testing Business**

On 19 August 2025, the Group established a wholly-owned subsidiary, Syntrust GK Safety Assessment and Fire Protection (Maoming) Co., Ltd., with a registered capital of RMB8.00 million. Its core businesses consist of safety assessment services of the petroleum processing industry, chemical raw materials, chemical products and pharmaceutical manufacturing industry, and the onshore oil and gas pipeline transportation industry, fire protection testing of materials and components, testing services for building fire protection facilities, and technical services for fire safety assessment.

# Management Discussion and Analysis

## 2. Analysis of business competitiveness

Throughout the years, the Group has been continuously providing a full range of construction engineering T&I services, which include 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 annual report, the Group had obtained accreditation in 38 categories for construction engineering T&I services within three areas, covering over 4,486 parameters testing qualifications, which demonstrates a significant improvement in the Group's professionalism and credibility.

This comprehensive coverage demonstrates the Group's ability to deliver thorough and precise assessments, meeting the varied requirements of its customers and ensuring compliance with industry standards. In particular, the Group's static load testing capacity for the Group's foundation testing services has reached 35,000 kN. According to the 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. The Group is also one of a few testing and inspection institutions capable of implementing a fully automated process in its slope monitoring. With its capability of providing a wide spectrum of services, the Group able to meet the needs of its existing customers and acquire new customers, solidifying its market presence and diversifying revenue streams.

The food and agricultural products testing department officially launched its business in May 2024, focusing on offering comprehensive testing services for the food and agricultural industry to ensure that the safety and quality of food and agricultural products comply with the applicable 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 RMB8.85 million from the provision of food and agricultural products testing services for the year ended 31 December 2025. The Group has obtained testing qualifications for 850 parameters across five categories in respect of 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 markets, effectively safeguarding the safety and quality of food and ensuring compliance with the applicable national standards. These initiatives fully demonstrates the Group's strategic direction of focusing on the development of the food and agricultural products testing business.

# Management Discussion and Analysis

### 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 that the construction engineering quality inspection agencies are required to obtain the appropriate qualification certificates to engage in the quality inspection business in accordance with the regulations and set out the qualification requirements of the inspection agencies and personnel, as well as the functions and scope of supervision of the relevant regulatory authorities.

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 document, 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 specialised 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 years ended 31 December 2025 and 31 December 2024.

|   | For the year ended 31 December |              |               |              |
|---|--------------------------------|--------------|---------------|--------------|
|   | 2025                           |              | 2024          |              |
|   | RMB'000                        | %            | RMB'000       | %            |
| <b>Construction engineering testing services</b>        |                                |              |               |              |
| Foundation testing service                              | 32,335                         | 39.7         | 27,482        | 49.7         |
| Construction material testing service                   | 5,842                          | 7.2          | 4,973         | 9.0          |
| Building structure testing service                      | 2,822                          | 3.5          | 3,908         | 7.1          |
| Infrastructure and public roads testing service         | 10,198                         | 12.5         | 10,086        | 18.3         |
| Housing appraisal services                              | 4,486                          | 5.5          | —             | —            |
| <b>Sub-total</b>  | <b>55,683</b>                  | <b>68.4</b>  | <b>46,449</b> | <b>84.1</b>  |
| <b>Construction engineering inspection services</b>     |                                |              |               |              |
| Slope monitoring and foundation pit monitoring services | 3,888                          | 4.8          | 5,671         | 10.3         |
| <b>Food and agricultural testing services</b>           | <b>8,850</b>                   | <b>10.9</b>  | <b>3,140</b>  | <b>5.7</b>   |
| <b>Hydraulic engineering testing services</b>           | <b>9,542</b>                   | <b>11.7</b>  | <b>—</b>      | <b>—</b>     |
| <b>Motor vehicle testing services</b>                   | <b>2,619</b>                   | <b>3.2</b>   | <b>—</b>      | <b>—</b>     |
| <b>Other business</b>                                   | <b>779</b>                     | <b>1.0</b>   | <b>—</b>      | <b>—</b>     |
| <b>Total</b>  | <b>81,361</b>                  | <b>100.0</b> | <b>55,260</b> | <b>100.0</b> |

# Management Discussion and Analysis

Revenue generated from the provision of construction engineering testing services increased by 19.9% to RMB55.68 million (2024: RMB46.45 million), mainly attributable to (i) the newly established subsidiary of the Company, Foshan Gaoming Mingxin Comprehensive Testing Co., Ltd. (“**Gaoming Testing**”), which generated a revenue of RMB3.33 million; (ii) the new housing appraisal business of the Company, which generated revenue of RMB4.49 million.

Revenue generated from the provision of construction engineering inspection services decreased by 31.4% to RMB3.89 million (2024: RMB5.67 million), primarily due to a decrease in the number of newly built houses and an increase in the renovation of old houses resulting from the real estate market. As a result, the demand for housing monitoring business has decreased, while the demand for the housing appraisal business has increased.

Revenue generated from the provision of food and agricultural products testing services increased by 181.8% to RMB8.85 million (2024: RMB3.14 million) for the year ended 31 December 2025, primarily due to the Company having commenced operations in the second half of 2024 and having only begun to generate revenue, whereas in 2025 it operated for the whole year.

Revenue generated from the provision of hydraulic engineering testing services amounted to RMB9.54 million for the year ended 31 December 2025 (2024: Nil), primarily due to the newly acquired subsidiary of the Company, Yueshui Testing, whose major operating revenue was derived from hydraulic engineering testing, and which generated revenue during the year ended 31 December 2025.

Revenue generated from motor vehicle testing amounted to RMB2.62 million for the year ended 31 December 2025 (2024: Nil), primarily due to newly acquired subsidiary of the Company, Rongli Testing, whose major operating revenue was derived from motor vehicle testing, and which generated revenue during the year ended 31 December 2025.

Revenue generated from the provision of other services amounted to RMB0.78 million for the year ended 31 December 2025 (2024: Nil), primarily due to the newly acquired subsidiary, Yueshui Testing, providing aerial photography, termite control, and repair and maintenance services, and the newly acquired subsidiary, Rongli Testing, providing printing services.

## Cost of Sales

Cost of sales increased by 44.8% to RMB29.18 million for the year ended 31 December 2025 (2024: RMB20.15 million), which was mainly attributable to costs generated from the operations of Gaoming Testing, Yueshui Testing and Rongli Testing, the subsidiaries newly established or acquired by the Company during the year ended 31 December 2025.

# 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 years ended 31 December 2025 and 31 December 2024:

|   | For the year ended 31 December |                          |                         |                          |   |                                   |
|---|--------------------------------|--------------------------|-------------------------|--------------------------|---|-----------------------------------|
|   | 2025                           |                          | 2024                    |                          | Increase/ (Decrease) in gross profit margin |                                   |
|   | Gross profit<br>RMB'000        | Gross profit margin<br>% | Gross profit<br>RMB'000 | Gross profit margin<br>% | (Decrease) in gross profit<br>%             | in gross profit margin<br>% point |
| <b>Construction engineering testing services</b>        |                                |                          |                         |                          |   |                                   |
| Foundation testing service                              | 27,788                         | 85.9                     | 24,337                  | 88.9                     | 14.2  | (3.0)                             |
| Construction material testing service                   | 938                            | 16.1                     | 579                     | 11.6                     | 62.0  | 4.5                               |
| Building structure testing service                      | 1,306                          | 46.3                     | 1,450                   | 37.1                     | (9.9)                                       | 9.2                               |
| Infrastructure and public roads testing service         | 7,479                          | 73.3                     | 7,144                   | 70.8                     | 4.7   | 2.5                               |
| Housing appraisal services                              | 1,438                          | 32.1                     | –                       | –                        | –   | –                                 |
| <b>Sub-total</b>  | <b>38,949</b>                  | <b>69.9</b>              | <b>33,510</b>           | <b>72.1</b>              | <b>16.2</b>                                 | <b>(2.2)</b>                      |
| <b>Construction engineering inspection services</b>     |                                |                          |                         |                          |   |                                   |
| Slope monitoring and foundation fit monitoring services | 2,064                          | 53.1                     | 1,890                   | 33.3                     | 9.2   | 19.8                              |
| <b>Food and agricultural testing services</b>           | <b>2,562</b>                   | <b>28.9</b>              | <b>(293)</b>            | <b>(9.3)</b>             | <b>–</b>                                    | <b>38.2</b>                       |
| <b>Hydraulic engineering testing services</b>           | <b>7,907</b>                   | <b>82.9</b>              | <b>–</b>                | <b>–</b>                 | <b>–</b>                                    | <b>–</b>                          |
| <b>Motor vehicle testing services</b>                   | <b>228</b>                     | <b>8.7</b>               | <b>–</b>                | <b>–</b>                 | <b>–</b>                                    | <b>–</b>                          |
| <b>Other business</b>                                   | <b>470</b>                     | <b>60.5</b>              | <b>–</b>                | <b>–</b>                 | <b>–</b>                                    | <b>–</b>                          |
| <b>Total</b>  | <b>52,180</b>                  | <b>64.1</b>              | <b>35,107</b>           | <b>63.5</b>              | <b>48.6</b>                                 | <b>0.6</b>                        |

# Management Discussion and Analysis

The Group's overall gross profit margin increased to 64.1% (2024: 63.5%). The increase was primarily attributable to (i) the turnaround of the food business during the year, and (ii) additional gross profit contribution from the newly developed hydraulic engineering business.

## Other Income and Gain

For the year ended 31 December 2025, the Group recorded other income and gain of RMB1.15 million (2024: RMB5.83 million). Other income and gain consisted primarily of interest income and exchange gains.

## Administrative Expenses

For the year ended 31 December 2025, the Group's administrative expenses amounted to approximately RMB18.09 million (2024: RMB17.26 million), which represented approximately 22% (2024: 31%) of the Group's total revenue. The increase in administrative expenses was mainly attributed to expenses incurred by the Company in connection with the acquisition/establishment of new companies.

## Impairment Losses on Financial Assets at Amortised Cost, net

For the year ended 31 December 2025, the Group's impairment loss on financial assets at amortised cost amounted to approximately RMB1.1 million (2024: reversal of impairment RMB0.55 million), which was mainly attributable to the increase in business and revenue of the Company, resulting in an increase in the base for bad debt impairment.

## Finance Costs

The total finance cost of the Group for the year ended 31 December 2025 amounted to approximately RMB1.55 million (2024: RMB1.21 million). The increase in finance costs was mainly due to the lease for the Company's office building having commenced in April 2024, and the costs for 2025 being incurred for the entire year.

## Income Tax Expenses

Income tax expense of the Group for the year ended 31 December 2025 was approximately RMB6.49 million (2024: RMB6.02 million).

# Management Discussion and Analysis

## **Profit and Total Comprehensive Income for the Year 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 year ended 31 December 2025 was approximately RMB20.31 million (2024: RMB16.30 million), representing an increase of approximately 24.6% over last year.

The Group's earnings per share attributable to ordinary equity holders of the parent was approximately RMB0.60 for the year ended 31 December 2025 (2024: RMB0.61).

## **Dividend**

At the meeting of the Board held on 26 March 2026, the Board recommended a final dividend of RMB0.18 per Share (inclusive of applicable taxes) for the year ended 31 December 2025 (2024: RMB0.15 per Share) in accordance with the dividend policy of the Company, subject to approval at the AGM and payment will be made on or around Tuesday, 14 July 2026 to the holders of Shares whose names are listed on the register of members of the Company on Wednesday, 27 May 2026.

## **Property, Plant and Equipment**

As at 31 December 2025, the property, plant and equipment amounted to RMB40.39 million (31 December 2024: RMB24.38 million). The increase was mainly attributable to an increase in devices and equipment of newly acquired/established companies.

## **Right-of-Use Assets**

As at 31 December 2025, the right-of-use assets amounted to RMB45.29 million (31 December 2024: RMB38.66 million). The increase was mainly attributable to the leasing of premises by the newly acquired/established companies.

## **Deferred Tax Assets**

As at 31 December 2025, the deferred tax assets amounted to RMB1.94 million (31 December 2024: RMB2.30 million). The decrease was mainly attributable to an increase in the provisions for bad debt.

## **Inventories**

As at 31 December 2025, the inventories amounted to RMB4.21 million (31 December 2024: RMB2.98 million). The increase was mainly attributable to an increase in on-site testing items used in business operations, leading to an increase in inventory costs.

# Management Discussion and Analysis

## Trade Receivables

The trade receivables of the Group primarily represent amounts receivables from customers. As at 31 December 2025, the trade receivables amounted to RMB76.84 million (31 December 2024: RMB48.64 million).

The number of turnover days of trade receivables was 281 days (2024: 257 days). During the year ended 31 December 2025, the trade receivables turnover days increased by 24 days, mainly due to an increase in revenue, resulting in an increase in accounts receivables.

## Prepayments and other Receivables

As at 31 December 2025, the prepayments and other receivables amounted to RMB9.30 million (31 December 2024: RMB7.73 million). The increase in the prepayments balance is attributable to certain customers settling their outstanding inspection service fees through asset-for-debt arrangements. As of the date of this annual report, the assets received under these arrangements do not yet meet the criteria for recognition as property, plant and equipment and have been temporarily recorded as prepayments.

## Time Deposits

As at 31 December 2025, the Group did not have any time deposits (31 December 2024: RMB10 million). The decrease was mainly attributable to the maturity and non-renewal of the time deposits.

## Cash and Cash Equivalents

As at 31 December 2025, the cash and cash equivalent amounted to RMB101.69 million (31 December 2024: RMB99.86 million). The increase was mainly attributable to an increase in cash and cash equivalents of newly acquired/established companies.

## Trade Payables

The trade payables of the Group primarily represent amounts payable to suppliers and subcontractors. As at 31 December 2025, the trade payables amounted to approximately RMB8.43 million (2024: RMB4.83 million). The increase was mainly attributable to (i) an increase in subcontracting; and (ii) an increase in the procurement of devices and equipment.

The number of turnover days of trade payables for the year ended 31 December 2025 was 83 days (2024: 49 days). The increase was mainly attributable to the extension of the settlement period for trade payables related to the purchase of devices, equipment and services.

# Management Discussion and Analysis

## Liquidity, Financial Resources and Capital Structure

The Group's primary sources of operating funds are cash flow from operating activities. As at 31 December 2025, the Group's current ratio was 5.3 (31 December 2024: 9.4). The Group maintained a net cash position, reflecting its healthy financial condition, which provides a foundation 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 RMB75.17 million as at 31 December 2025 (31 December 2024: net surplus of RMB85.16 million).

As at 31 December 2025, the Group's total cash and cash equivalents amounted to approximately RMB101.69 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 assets, liabilities and other commitments can meet its funding requirements from time to time.

## Foreign Exchange Risk

The Group has transactional currency exposures as certain payables and cash and cash equivalents are held in currencies other than the Group's functional currencies. The foreign exchange risk mainly arises from the exposure of RMB against Hong Kong dollars and United States 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

The Group did not have any significant capital commitments as at 31 December 2025 (31 December 2024: RMB1.3 million).

# Management Discussion and Analysis

## Contingent Liabilities

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

## Charge of Assets

None of the Group's assets were pledged as at 31 December 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 operations are mainly denominated in RMB. Accordingly, it is believed that the Group does not have any material foreign currency risks that would affect its operations. However, the management team will continue to monitor foreign currency risks and adopt prudent measures as appropriate.

## Interest Rate Risks

The Group did not have any interest-bearing liabilities during the year ended 31 December 2025 (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

During the year ended 31 December 2025, the Group did not hold any significant investments (including any investment in an investee company) with a value of 5% or more of the Group's total assets (2024: Nil).

## Material Acquisitions or Disposal of Subsidiaries, Associates or Joint Ventures

### *(i) Subscription for 51% equity interest by capital increase in Yueshui Testing*

Reference is made to the announcements of the Company dated 16 April 2025, 14 May 2025 and 3 July 2025 in relation to the proposed capital increase. On 16 April 2025, the Company, Nanyue Hydraulic and Yueshui Testing entered into a capital increase agreement, pursuant to which the Company conditionally agreed to subscribe for 51% of the enlarged registered capital of Yueshui Testing for a total consideration of RMB9,330,000. Upon completion, which took place on 4 June 2025, Yueshui Testing become a non-wholly owned subsidiary of the Company and its financial results have been consolidated into the financial statements of the Group.

# Management Discussion and Analysis

## ***(ii) Acquisition of 100% equity interest in Rongli Testing***

Reference is made to the announcement of the Company dated 5 August 2025 in relation to the proposed acquisition. 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 Rongli Testing for a total consideration of RMB12,570,900. Upon completion, which took place on 27 August 2025, Rongli Testing become a wholly owned subsidiary of the Company and its financial results have been consolidated into the financial statements of the Group.

## ***(iii) Subscription for 51% equity interest by capital increase in Maoming Juzhou Engineering Testing Co. Ltd. (“Juzhou Testing”)***

Reference is made to the announcement of the Company dated 16 December 2025 in relation to the proposed capital increase. On 16 December 2025, the Company, Huazhou Construction Quality Affairs Center and Juzhou Testing entered into a capital increase agreement, pursuant to which the Company conditionally agreed to subscribe for 51% of the enlarged registered capital of Juzhou Testing for a total consideration of RMB13,323,900. Upon completion, which took place on 2 March 2026, Juzhou Testing become a non-wholly owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group. The consideration of the proposed capital increase was financed partly by the proceeds from the Share Offer and partly from internal resources of the Company.

## ***(iv) Acquisition of 51% equity interest in Gaozhou Gaoxin Engineering Testing Co. Ltd. (“Gaozhou Testing ”)***

Reference is made to the announcement of the Company dated 29 December 2025 in relation to the proposed acquisition. On 29 December 2025, the Company and Gaozhou Anjian State Owned Assets Management Co., Ltd. entered into an equity transfer agreement, pursuant to which the Company conditionally agreed to acquire, and Gaozhou Anjian State Owned Assets Management Co., Ltd. conditionally agreed to sell, 51% equity interest in Gaozhou Testing for a total consideration of RMB10,710,000. Upon completion in 2026, Gaozhou Testing will become a non-wholly owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

Save as disclosed above, the Group did not have any other material acquisitions or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2025.

# Management Discussion and Analysis

## Future Plans for Material Investments and Capital Assets

Save as disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus and the announcement of the Company dated 31 December 2025 in relation to the change in use of proceeds, the Group does not have any other plans for material investments or capital assets in the coming year.

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

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had 215 employees (31 December 2024: 114 employees).

The Group’s employee benefit expenses mainly includes salaries, discretionary bonuses, housing, medical insurance and other social insurance. During the year ended 31 December 2025, the Group’s total employee benefit expenses (including Directors’ emoluments) amounted to approximately RMB20.37 million (2024: RMB18.59 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.

## EVENTS AFTER REPORTING PERIOD

Subsequent to the end of the year ended 31 December 2025 and up to the date of this report, the following material events have occurred:

### (i) Completion of the subscription for 51% equity interest by capital increase in Juzhou Testing

On 2 March 2026, the Group completed the subscription of 51% of the enlarged registered capital of Juzhou Testing at a consideration of RMB13,323,900. Upon completion, Juzhou Testing became a non-wholly owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

# Management Discussion and Analysis

## (ii) Change in use of proceeds from Share Offer

Reference is made to the announcement of the Company dated 31 December 2025 and the circular of the Company dated 5 January 2026 in relation to, among other things, the change in use of proceeds (the “**Circular**”).

On 31 December 2025, the Board resolved to change the use of the unutilised net proceeds from the Share Offer. The revised use of proceeds was approved by the shareholders of the Company by way of an ordinary resolution at the extraordinary general meeting held on 23 January 2026. Following such approval, the Company will apply the unutilised net proceeds in accordance with the revised allocation and expected timeline as disclosed in the Circular.

## (iii) Change of non-executive Director

At the extraordinary general meeting held on 23 January 2026, the appointment of Mr. Liu Juemao (“**Mr. Liu**”) as a non-executive Director of the Company was duly approved by the Shareholders. Upon Mr. Liu’s appointment, the resignation of Mr. Chen Guangfu took immediate effect. For further details, please refer to the announcements of the Company dated 31 December 2025 and 23 January 2026, respectively.

Save as disclosed above, there were no other material subsequent events affecting the Group after 31 December 2025 and up to the date of this annual report.

## USE OF PROCEEDS FROM THE SHARE OFFER

The Company was listed on GEM in September 2024. The net proceeds from the Share Offer, after deducting listing-related expenses, amounted to approximately RMB49.96 million (equivalent to approximately HK\$54.4 million) (the “**Net Proceeds**”). These proceeds were originally intended to be utilised over the three-year period from September 2024 to December 2026.

# Management Discussion and Analysis

During the year ended 31 December 2025, the Group applied the Net Proceeds in accordance with the intended use as disclosed in the Prospectus. Details of the utilisation of the Net Proceeds for the year ended 31 December 2025 are set out below:

| Business objective  | Planned use of Net Proceeds as stated in the Prospectus<br>RMB'000 | Unutilised Net Proceeds as at 31 December 2024<br>RMB'000 | Actual use of Net Proceeds from 1 January 2025 to 31 December 2025<br>RMB'000 | Unutilised Net Proceeds as at 31 December 2025 <i>(Note)</i><br>RMB'000 | Expected timeline for utilising the unutilised Net Proceeds <i>(note)</i> |
|---|--|---|---|---|---|
| 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 | 13,728.9   | 13,280.35   | 2,298.59  | 11,430.21   | 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   | 13,868.4   | 15,102.3  | 8,265.7   | 5,602.7   | 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   | 18,667.0   | 19,838.17   | 639.88  | 18,027.12   | By 31 December 2026   |
| Upgrading the ERP system  | 2,755.2  | 3,000.4   | 798.0   | 1,957.2   | By 31 December 2026   |
| General working capital   | 936.3  | 513.06  | 470.61  | 465.76  | By 30 June 2026   |
| <b>Total</b>  | <b>49,955.9</b>  | <b>51,734.28</b>  | <b>12,472.78</b>  | <b>37,483.02</b>  |   |

# Management Discussion and Analysis

Note:

As at 31 December 2025, RMB37,483.02 remained unutilised. On 31 December 2025, the Board resolved to change the use of the unutilised Net Proceeds, subject to shareholders' approval. Such change was subsequently approved by the shareholders of the Company by way of ordinary resolutions at the extraordinary general meeting held on 23 January 2026.

The change in use of the unutilised Net Proceeds was primarily driven by the Group's business development strategy, taking into account evolving regulatory requirements and market conditions in the testing and inspection industry in the PRC.

Following such approval, approximately RMB33.7 million of the unutilised Net Proceeds have been designated for reallocation as follows:

- (i) RMB13.09 million for capital injection into a construction engineering testing and inspection company in Maoming city;
- (ii) RMB10.48 million for the acquisition of a construction engineering testing and inspection company in Western Guangdong; and
- (iii) RMB10.17 million for the establishment of a company engaged in fire services testing.

For details, please refer to the announcement and circular of the Company dated 31 December 2025 and 5 January 2026, respectively.

Pending utilisation, the unutilised net proceeds have been placed as interest-bearing deposits with banks in the PRC.

# Management Discussion and Analysis

## 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 16.61% of our revenue for 2021, 2022, 2023, 2024 and 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 19.6% year-on-year decrease from RMB10.03 trillion in 2024 to RMB8.28 trillion in 2025, 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. Through mergers and acquisitions and the establishment of joint ventures in the year, the Group has gradually diversified its business, and its testing capabilities have far exceeded the traditional conception of housing inspections. In the future, the Group will comprehensively showcase its integrated testing capabilities and reshape market conception through multi-channel and multi-dimensional publicity and promotion.

# 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 mainly concentrated in Maoming, Guangdong Province. During the twelve months ended 31 December 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 business concentration and the fact that the construction engineering T&I industry is a regulated industry in the PRC, the Group's business, financial condition and operating results will be affected by changes in the government policies and business environment of Maoming and western Guangdong, including fluctuations in economic conditions, development prospects, and the pace of urbanization, as well as adjustments to government policies and regulations related to real estate development, construction and testing and inspection.

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.

- (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. The Group brings in industry professionals with integration capabilities for collaborative management and operation, and continuously tracks investment progress to ensure it meets investment plans and expectations, thereby strengthening post-investment management effectiveness. 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.

# Management Discussion and Analysis

## Business Objectives of the Group

### 1. *Comparison between business objectives and actual business progress*

The following is a comparative analysis of the business objectives set out in the prospectus dated 26 August 2024 (the “**Prospectus**”) of the Company and actual business progress of the Group from the listing date to 31 December 2025:

| <b>Business strategies set out in the Prospectus</b>  | <b>Actual business progress as at 31 December 2025</b>   |
|---|--|
| Expanding our construction engineering testing services to achieve Comprehensive Qualification under the Qualification Standards of Construction Engineering Quality Inspection Agencies and strengthen our existing construction engineering testing and inspection services | <p>Following its listing, the Company adjusted its approach based on practical conditions, acquiring qualifications in batches according to the pace of its actual business operations. The Company has obtained specialized qualification for steel structures, and is gradually preparing for two more specialized qualifications for building curtain walls and bridge and underground engineering.</p> <p>Furthermore, the Company has replaced its original plan to replace aging equipment with an optimization and upgrading plan; and has implemented internal training programs to ensure existing employees acquire the necessary qualifications, reducing the need to hire additional employees with relevant qualifications.</p> |

# Management Discussion and Analysis

## **Business strategies set out in the Prospectus**

## **Actual business progress as at 31 December 2025**

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

As at 31 December 2025, the Company had acquired Maoming Yueshui Engineering Testing and Inspection Co., Ltd. and Xinyi Rongli Motor Vehicle Inspection Co., Ltd., both located in Western Guangdong and possessed a mature customer base for hydraulic engineering quality testing and motor vehicle testing and inspection.

The Company optimized its regional expansion strategy, deciding to prioritize the acquisition of high-quality targets in neighboring areas of Maoming, and postponed or terminated the original acquisition plan in Zhanjiang.

Diversifying our testing and inspection services beyond construction engineering and expanding into areas including food and agricultural, transportation and fire protection

The Company achieved numerous significant progresses in its diversified business development in 2025.

In the food and agricultural product testing sector, the Group established a wholly-owned subsidiary in November, further deepening its presence in the segment.

In highway engineering, the Company obtained Class C qualification certificate for highway engineering in the same year and established a non-wholly owned subsidiary to focus on providing testing and inspection services for highway and waterway engineering.

# Management Discussion and Analysis

## Business strategies set out in the Prospectus

## Actual business progress as at 31 December 2025

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In the fire protection testing sector, the Company established a wholly-owned subsidiary in August, officially entering the fire protection testing and inspection business. In the future, the fire protection subsidiary will leverage the Group's technological expertise, market reputation, and state-owned enterprise background to provide highly credible fire protection testing services to external clients, continuously consolidating the Group's comprehensive competitive advantage in the testing sector.

Based on resource optimization considerations, the upgrade of the Class C qualification for transportation construction testing services to Class B will be delayed until early 2026.

## Upgrading our ERP system

The original plan was to purchase a completely new system, but it was understood that the planned new system to be purchased had data compatibility issues with the Company's existing system, making effective collaboration impossible. To ensure system integration and smooth data interoperability, the Company has decided to adjust the original procurement plan to in-house targeted research and development. The research and development project has a long cycle and is currently progressing steadily.

# Management Discussion and Analysis

## **2. 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.

Currently, the Group has obtained seven qualifications, namely: (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.

## **3. 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.

# Management Discussion and Analysis

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.

#### **4. *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 existing 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.

# Management Discussion and Analysis

The Group continued to advance its diversified business layout, achieving significant progress in several new areas in 2025. In terms of highway engineering, the Group successfully obtained its Class C qualification certificate for highway engineering in March 2025 and established a non-wholly-owned subsidiary for highway and waterway engineering testing services in November of the same year. In terms of food and agricultural products, the Group obtained the qualification certificate for agricultural product quality and safety testing institutions, covering 242 parameters, and established a wholly-owned subsidiary for agricultural and food inspection and testing services in November 2025. In terms of fire protection testing, the Group established a wholly-owned subsidiary for fire protection testing and inspection services in August 2025, officially commencing business in this area. In the future, the fire protection subsidiary will fully leverage the Group's strong expertise, good market reputation, brand awareness, and state-owned enterprise background in the testing industry to provide highly credible fire protection testing and inspection services to external clients, generating business synergies and further consolidating the Group's integrated competitive advantage in the testing area.

## 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.

# Biographical Details of Directors and Senior Management

## DIRECTORS

The Board consists of nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors.

### Executive Directors

**Mr. Lai Feng (賴鋒)**, aged 46, is the chairman of the Board, executive Director and the general manager of the Company and joined the Company in January 2013. He is responsible for the overall business strategies and operations of the Company, and is in charge of the general office and Syntrust GK Safety Assessment and Fire Protection (Maoming) Co., Ltd., a subsidiary. Mr. Lai was appointed as a Director on 7 July 2023 and re-designated as an executive Director on 26 October 2023. He has been the legal representative of the Company since January 2013.

Mr. Lai has 25 years of experience in business management and quality engineering in the construction industry. From January 2013 to July 2023, Mr. Lai was a station manager of the Company. From July 2023 till now, Mr. Lai has been the chairman of the Board and the general manager of the Company. Prior to joining the Company, Mr. Lai served as a supervisor of Guangdong Xizhu Architectural Design Co., Ltd. (廣東悉築建築設計有限公司) from August 2000 to July 2003 and was responsible for construction site supervision. From August 2003 to December 2012, Mr. Lai was a cost estimator of Xinyi City Bureau of Housing and Urban-Rural Development and was responsible for cost estimation for construction projects. From March 2023 till now, Mr. Lai has been a director and a deputy general manager of Xinyi Xinhui, and is responsible for overseeing the overall management and operations of the company.

Mr. Lai graduated from China University of Geosciences (中國地質大學) in the PRC with an undergraduate degree in civil engineering (distance learning) in January 2018. Mr. Lai qualified as an architectural technician in 2001 and assistant construction engineer in 2003 by the Xinyi Personnel Bureau (信宜市人事局) which was reformed into Human Resources and Social Security Bureau (人力資源和社會保障局) since August 2023. Mr. Lai also obtained a qualification certificate for Construction Costing Engineer in 2008 issued by the Maoming Municipal Personnel Bureau (茂名市人事局). He also obtained a qualification certificate for senior engineer in construction engineering management issued by the Department of Human Resources and Social Security of Guangdong Province (廣東省人力資源和社會保障廳) of the PRC in February 2018.

## Biographical Details of Directors and Senior Management

**Mr. Huang Fei (黃飛)**, aged 50, is an executive Director and deputy general manager of the Company and joined the Company in August 2015. He is responsible for the overall operations of Monitoring and Structural Testing Department (監測與結構檢測部), Materials Testing Department (材料檢測部), Information Technology R&D Department (信息技術研發部), staff meeting of the Company and Xinyi Rongli Motor Vehicle Inspection Co. Ltd., a subsidiary. Mr. Huang was appointed as an executive Director on 26 October 2023.

Mr. Huang has 13 years of experience in business management in the construction industry. From August 2015 to January 2016, Mr. Huang served as an inspector of the Company and was responsible for conducting testing and inspections on construction works and construction materials. From February 2016 to July 2023, Mr. Huang served as a deputy station manager of the Company and was responsible for overseeing the Engineering Monitoring and Mapping Department and Structural Engineering Inspection Department of the Company. From July 2023 till now, Mr. Huang served as a deputy general manager of the Company. Prior to joining the Company, Mr. Huang served as a staff member of Xinyi Bulk Cement Office (信宜市散裝水泥辦公室) from September 2012 to August 2015 and was responsible for general matters of the office.

Mr. Huang graduated from Zhanjiang Normal College (湛江師範學院) (currently known as Lingnan Normal University (嶺南師範學院)) in the PRC with an undergraduate degree in Chinese language and literature (distance learning) (漢語言文學專業本科(函授)) in January 2012. Mr. Huang also obtained the qualification for intermediate engineer in construction engineering management issued by the Maoming Municipal Human Resources and Social Security Bureau (茂名市人力資源和社會保障局) in May 2021.

**Ms. Mai Jiayu (麥家瑜, former name: Mai Hanlian (麥漢連))**, aged 38, is an executive Director and a deputy general manager of the Company and joined the Company in January 2014. She is responsible for the overall operation of the Company's general office (including the board office and the coordination of compliance matters in business management), the Food and Agricultural Product Testing Department (食品農產品檢測部), and Syntrust GK Food Safety Testing (Maoming) Co., Ltd., a subsidiary, as well as assisting in the establishment of a joint venture for building testing in Dianbai District. Ms. Mai was appointed as a Director on 7 July 2023 and re-designated as an executive Director on 26 October 2023.

Ms. Mai has 12 years of experience in construction engineering management and quality engineering in the construction industry. From January 2014 to August 2021, Ms. Mai served as an inspector of the Company and was responsible for conducting testing and inspections on construction works and construction materials. From August 2021 to July 2023, Ms. Mai served as a deputy station manager of the Company and was responsible for overseeing the overall operations of the Company. From July 2023 till now, Ms. Mai has been serving as a deputy general manager of the Company. She is responsible for assisting the general manager in handling the day-to-day affairs of the Company, ensuring the effective implementation of the Company's strategies and decisions, and managing the daily business operations under her supervision.

# Biographical Details of Directors and Senior Management

Ms. Mai graduated from China University of Geosciences (中國地質大學) with an undergraduate degree in civil engineering (distance learning) in January 2013. Ms. Mai obtained a qualification for assistant engineer in construction engineering management issued by the Xinyi City Human Resources and Social Security Bureau (信宜市人力資源和社會保障局) in December 2015. Ms. Mai obtained a qualification for intermediate geotechnical engineer issued by the Maoming Municipal Human Resources and Social Security Bureau (茂名市人力資源和社會保障局) in May 2019. She also obtained a qualification certificate for senior engineer in construction engineering management issued by the Department of Human Resources and Social Security of Guangdong Province (廣東省人力資源和社會保障廳) of the PRC in August 2023.

**Mr. Zhang Xihua (張喜華)**, aged 38, is an executive Director, a deputy general manager and a technical director (技術負責人) of the Company and joined the Company in August 2010. He is responsible for overseeing the overall operation of the Company's Foundation Testing Department (基礎檢測部), Business Department (經營部), Road & Bridge & Hydraulic Testing Department (路橋與水利檢測部) and Highway & Waterway Testing Department (公路水運檢測部). Mr. Zhang was appointed as an executive Director on 26 October 2023.

Mr. Zhang has 15 years of experience in quality engineering in the construction industry. From August 2010 to August 2021, Mr. Zhang was an inspector of the Company and was responsible for conducting testing and inspections on construction works and construction materials. From September 2021 to July 2023, Mr. Zhang was a deputy station manager of the Company and was responsible for overall management of foundation testing projects. From July 2023 till now, Mr. Zhang has been a deputy general manager of the Company and is responsible for supervising and monitoring the overall operations of the Foundation Testing Department I.

Mr. Zhang graduated from China University of Geosciences (中國地質大學) in the PRC with an undergraduate degree in civil engineering (distance learning) in January 2014. Mr. Zhang also obtained a qualification for top laboratory engineer issued by the JYPC National Vocational Qualification Examination and Certification Center (JYPC全國職業資格考試認證中心) in January 2016 and a qualification certificate for senior engineer in construction engineering management issued by the Department of Human Resources and Social Security of Guangdong Province (廣東省人力資源和社會保障廳) of the PRC in August 2023.

# Biographical Details of Directors and Senior Management

## Non-executive Directors

**Ms. Zou Chan (鄒嬋)**, aged 35, is a non-executive Director and the head of the Foundation Testing Department (基礎檢測部) of the Company and joined the Company in March 2013. She is responsible for the supervision of the management of the Company and day-to-day operations of the Foundation Testing Department of the Company. Ms. Zou was appointed as a Director of the Company on 7 July 2023 and re-designated as a non-executive Director on 26 October 2023.

Ms. Zou has 13 years of experience in quality engineering in the construction industry. From September 2021 to August 2024, Ms. Zou served as the head of the Foundation Testing Department I (地基基礎檢測一部) of the Company and was responsible for coordinating its inspection operations. From September 2024 till now, Ms. Zou has severed as the head of the Foundation Testing Department and is responsible for overseeing and managing its day-to-day operations. Ms. Zou obtained a qualification certification for senior engineer in construction engineering inspection issued by the Department of Human Resources and Social Security of Guangdong Province (廣東省人力資源和社會保障廳) in September 2024.

**Mr. Liu Juemao (劉爵茂)**, aged 36, is currently the Head of the Digital Fiscal Management Department of the Xinyi Municipal Financial Affairs Centre\* (信宜市財政事務中心數字財政管理 部部長). Mr. Liu has extensive experience in public finance administration, state-owned capital investment, rural revitalisation and agricultural technology. From October 2023 to July 2025, he served as a cadre of the Xinyi Municipal Financial Affairs Centre\* (信宜市財政事務中心), during which period he concurrently held the positions as a director of Guangdong Xinyi Kaiyuan Co., Ltd.\* (廣東信宜開源股份有限公司) since January 2024; both a director of Xinyi Municipal State-owned Assets Operation Company Limited\* (信宜市國有資產經營有限公司) and Xinyi Xinhui State-owned Capital Investment Group Company Limited\* (信宜市信匯國有資本投資集團有限公司) since February 2024; and the Deputy General Manager of Xinyi Xinye Industrial and Industrial Park Investment Company Limited\* (信宜市信業產業和工業園投資有限公司) since April 2025. Since July 2025, he has been promoted to the Head of the Digital Fiscal Management Department of the same centre.

From December 2020 to October 2023, Mr. Liu served as the Deputy Director of the Xinyi City Jindong Town Rural Revitalisation Development Service Centre\* (信宜市金垌鎮鄉村振興發展服務中心), having previously worked as an officer of the same centre from August 2020 to December 2020. Prior to that, from November 2015 to August 2020, he worked as a cadre at the Xinyi City Jindong Town Agricultural Technology Promotion Station\* (信宜市金垌鎮農業技術推廣站).

Earlier in his career, Mr. Liu worked in the private sector, including serving in the Sales Department of Zhongnong Lihua (Guangzhou) Biotechnology Co., Ltd.\* (中農立華(廣州)生物科技有限公司) from August 2014 to April 2015, and in the Technical Department of Taiwan Wuzhou Fertiliser Co., Ltd.\* (台灣五洲肥料股份有限公司) from July 2013 to June 2014. He also spent periods engaged in local community work in Lengshuijing Village, Zhangpo Town, Dongzhen District, Xinyi City\* (信宜市東鎮樟坡冷水經村).

# Biographical Details of Directors and Senior Management

Mr. Liu graduated from South China Agricultural University with a bachelor's degree in Agronomy, majoring in Horticulture in 2013. He holds the professional technical title of Agronomist (農藝師).

## Independent Non-executive Directors

**Ms. Liu Hongge (劉紅哥)**, aged 55, is an independent non-executive Director who is responsible for supervising and providing independent judgment to the Board. Ms. Liu joined and was appointed as an independent non-executive Director on 13 August 2024.

Ms. Liu has 31 years of experience in business management in the finance industry. From September 1994 to August 1996, Ms. Liu was a business assistant of the securities department of China Vanke Co., Ltd. (萬科企業股份有限公司), company listed on the Stock Exchange (stock code: 2202), and was responsible for assisting the secretary of the board in managing investor relation and engaging in equity investment. From September 1999 to March 2002, Ms. Liu served as a senior manager of the research department, CITIC Securities Company Limited (中信証券股份有限公司), a company dually listed on the Shanghai Stock Exchange (stock code: 600030) and the Stock Exchange (stock code: 6030), and was responsible for conducting macroeconomic and capital market research. From August 2004 to November 2006, Ms. Liu served as a co-director of Corporate Ratings, Fitch Ratings (惠譽評級公司) and was responsible for overseeing the corporate ratings department in Greater China. From December 2006 to August 2008, Ms. Liu served as a director of Anglo Chinese Investment Banking Group, Hong Kong, China (中國香港英高投資銀行集團) and was responsible for assisting companies in China to go public in Hong Kong. From October 2008 to April 2013, Ms. Liu worked at CCB International (China) Limited (建銀國際(中國)有限公司) with her last held position as a senior analyst and was responsible for financial analysis of the company. From May 2013 to November 2014, she served as a deputy head of research division of CCB International Securities Limited and was responsible for financial research and analysis of the company. From November 2014 to July 2017, Ms. Liu served as an assistant managing director of CCB International Capital Limited and was responsible for overseeing the investment banking business in Hong Kong. From March 2018 to March 2020, Ms. Liu served as a director and general manager of Taikang Healthcare Investment Holdings Co., Ltd. (泰康健康產業投資控股有限公司) and was responsible for investment research and post-investment management. From May 2020 to July 2021, Ms. Liu served as an executive director of the sector team of the corporate finance department of Haitong International Securities Group Limited, Beijing Representative Office (海通國際證券集團有限公司北京代表處), shares of which were listed on the Stock Exchange (stock code: 665) until its privatisation on 11 January 2024, and was responsible for overall business strategies and operation of the team. From August 2021 to January 2023, Ms. Liu served as the chief financial officer of Shanghai Elite Healthcare Management Co., Ltd. (上海菁華醫療管理有限公司) and was responsible for the financial and investment management of the company. Ms. Liu joined HitGen Inc. (成都先導藥物開發股份有限公司), company whose shares are listed on the Shanghai Stock Exchange (stock code: 688222), and has been serving as their chief financial officer since January 2023 and was responsible for the financial management of the company.

## Biographical Details of Directors and Senior Management

Ms. Liu graduated from the Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院) in the PRC with a doctorate degree in economics in July 1999. She also graduated from Judge Business School, University of Cambridge with an MBA in July 2009. She graduated from Southwest University of Finance and Economics (西南財經大學) in the PRC with a bachelor's degree in economics in July 1991 and a master's degree in economics in June 1994. She also obtained a qualification of chartered financial analyst issued by the Chartered Financial Analyst Institution in September 2006.

**Ms. Deng Dian (鄧點)**, aged 41, is an independent non-executive Director who is responsible for supervising and providing independent judgement to the Board. Ms. Deng joined and was appointed as an independent non-executive Director on 13 August 2024.

Ms. Deng has over 18 years of experience in corporate finance industry. She is currently the managing director of Maxa Capital Limited (邁時資本有限公司) and is responsible for advising on corporate finance regulated activities as defined under the SFO. Prior to that, she served as an executive of Anglo & International Corporate Finance, Limited, the London office of the Anglo Chinese Group from January 2008 to September 2008, and was responsible for financial analysis. From October 2008 to April 2020, she worked at Anglo Chinese Corporate Finance, Limited (英高財務顧問有限公司), the Hong Kong headquarter of the Anglo Chinese Group, with her last held position as its director since January 2016, and was responsible for advising on corporate finance regulated activities as defined under the SFO and overseeing the overall operation of the company.

Ms. Deng graduated from the University of Oxford with a degree of master of science in management research in September 2007 and graduated from Nanjing University (南京大學) with a degree of bachelor in business administration in June 2006.

# Biographical Details of Directors and Senior Management

**Mr. Luo Qiling (羅啟靈)**, aged 49, is an independent non-executive Director who is responsible for supervising and providing independent judgment to the Board. Mr. Luo joined and was appointed as an independent non-executive Director on 13 August 2024.

Mr. Luo has 23 years of experience in research and engineering in the construction industry. From March 2003 to August 2006, he served as the director of technical department and an engineer of the Research Institute of Structural Engineering, Shenzhen University (深圳大學結構工程研究所), and was responsible for scientific research on the durability of concrete structures and testing of construction materials. From September 2006 till now, he served as a professorate senior engineer and senior experimenter of the College of Civil and Transportation Engineering, Shenzhen University (深圳大學土木與交通工程學院), the deputy director of Guangdong Provincial Key Laboratory of Durability for Marine Civil Engineering (廣東省濱海土木工程耐久性重點實驗室), the head of quality of the Research Institute of Structural Engineering, Shenzhen University (深圳大學結構工程研究所) and was engaged in research on the civil engineering and construction related topics.

Mr. Luo graduated from Shenzhen University (深圳大學) with a master's degree, majoring in architecture and civil engineering in December 2008. He also graduated from Chongqing University (重慶大學) in July 2000, majoring in inorganic non-metallic materials. Mr. Luo is studying Ph.D. in Civil and Hydraulic Engineering in the School of Civil Engineering of Tianjin University (天津大學).

# Biographical Details of Directors and Senior Management

## AUDIT COMMITTEE PERFORMING SUPERVISORY DUTIES

The Company abolished the Supervisory Committee pursuant to the approval of the Shareholders on 16 May 2025. In accordance with the effective Articles of Association of the Company, the Company no longer has a Supervisory Committee. The supervisory responsibilities previously performed by the Supervisory Committee have been fully assumed by the Audit Committee established by the Board. The Audit Committee consists of three independent non-executive Directors, with its scope of authority covering the review of financial reports, supervision of internal controls, oversight of risk management and the review of related party transactions. The Board believes that the current arrangement complies with the Company's governance needs and Listing Rules requirements, and is capable of effectively safeguarding the rights and interests of shareholders.

## SENIOR MANAGEMENT

**Ms. Zhang Yue'e (張月娥)**, aged 42, is the head of Quality of the Company since May 2020 and joined the Company in June 2010. Ms. Zhang is primarily responsible for overseeing the operations of the Commonly-used Materials Inspection Department (常用材料檢測部) and Quality System Management Department (質量體系管理部) of the Company.

Ms. Zhang has 15 years of experience in quality engineering in the construction industry. Ms. Zhang joined the Company in June 2010 as an inspector. From June 2010 to May 2020, Ms. Zhang served as an inspector of the Company. From May 2020 till now, Ms. Zhang has been serving as the head of Quality of the Company and is primarily responsible for overseeing the operations of the Commonly-used Materials Inspection Department and Quality System Management Department. Ms. Zhang graduated from China University of Geosciences (中國地質大學) in the PRC with an undergraduate degree in civil engineering (distance learning) in July 2023. Ms. Zhang also obtained a qualification for senior engineer in construction engineering management issued by the Department of Human Resources and Social Security of Guangdong Province (廣東省人力資源和社會保障廳) in September 2024.

# Biographical Details of Directors and Senior Management

**Mr. Lu Feihua (陸飛華)**, aged 39, is the deputy general manager and a technical director of the Company, and joined the Company in May 2013. Mr. Lu is responsible for overseeing the operations of the Foundation Testing Department II (地基基礎檢測二部) and overseeing the technical aspects of testing and inspection processes of the Company.

Mr. Lu has 15 years of experience in technology operations. From May 2013 to January 2016, Mr. Lu served as an inspector of the Company and was responsible for conducting testing and inspections on construction works and construction materials. From February 2016 to July 2023, Mr. Lu served as a deputy station manager of the Company and was responsible for overseeing the operations of the Foundation Testing Department II. From May 2020 till now, Mr. Lu has been serving as the head of Technology of the Company. From July 2023 till now, he has been serving as a deputy general manager of the Company. Prior to joining the Company, Mr. Lu served as a technician of Guangdong Hangxiao Steel Structure Co., Ltd. (杭蕭鋼構(廣東)有限公司), a wholly-owned subsidiary of Hangxiao Steel Structure Co., Ltd. (杭蕭鋼構股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600477) from July 2010 to April 2013 and was responsible for providing technical support.

Mr. Lu graduated from Guangzhou University (廣州大學) in the PRC with a bachelor's degree in civil engineering in April 2013. Mr. Lu also obtained a qualification for intermediate geotechnical engineer issued by the Maoming Municipal Human Resources and Social Security Bureau (茂名市人力資源和社會保障局) in December 2017.

## COMPANY SECRETARY

**Mr. Ng Tung Ching Raphael (吳東澄)**, was appointed as a joint company secretary with effect from 21 March 2025. Mr. Ng is a seasoned professional with over 15 years of extensive experience in the legal and company secretarial domains, specializing in corporate governance and compliance. He currently serves as the Assistant Vice President of Entity Solutions at Computershare Hong Kong Investor Services Limited. Mr. Ng holds a Master's Degree in Chinese Business Law from The Chinese University of Hong Kong and a Master's Degree in Professional Accounting and Corporate Governance from The City University of Hong Kong. He earned his Bachelor's Degree in Law from Manchester Metropolitan University. Mr. Ng is a fellow member of both The Hong Kong Chartered Governance Institute ("HKCGI") and The Chartered Governance Institute in the United Kingdom. He also possesses the practitioner's endorsement from HKCGI.

# Corporate Governance Report

The Company 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 Company. The Company 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 Company from time to time to ensure that the Company 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 Company'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 year ended 31 December 2025.

The roles of the chairman and the chief executive 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 Company 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 Company, the Board believes that it is beneficial to the business prospects of the Company 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 Report

## DIRECTORS' 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 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 year ended 31 December 2025.

## BOARD OF DIRECTORS

### Board Composition

As at the date of this report, the Board comprised of four executive Directors, two non-executive Directors and three independent non-executive Directors. The name, office, date of appointment as a Director and length of tenure of each of the members of the Board are as follows:

| Board members                                      | Office   | Date of appointment as Director | Length of tenure as at the date of this report |
|--|--|---------------------------------|--|
| Mr. Lai Feng                                       | Chairman of the Board, executive Director and general manager of the Company     | 7 July 2023                     | Approximately 2.5 years                        |
| Mr. Huang Fei                                      | Executive Director and deputy general manager of the Company                     | 26 October 2023                 | Approximately 2 years                          |
| Ms. Mai Jiayu                                      | Executive Director and deputy general manager of the Company                     | 7 July 2023                     | Approximately 2.5 years                        |
| Mr. Zhang Xihua                                    | Executive Director, deputy general manager and technical director of the Company | 26 October 2023                 | Approximately 2 years                          |
| Ms. Zou Chan                                       | Non-executive Director and head of Foundation Testing Department I               | 7 July 2023                     | Approximately 2.5 years                        |
| Mr. Chen Guangfu<br>(resigned on 31 December 2025) | Non-executive Director   | 26 October 2023                 | Approximately 2.5 years                        |
| Mr. Liu Juemao<br>(appointed on 23 January 2026)   | Non-executive Director   | 23 January 2026                 | Less than 1 year                               |
| Ms. Liu Hongge                                     | Independent non-executive Director   | 13 August 2024                  | Approximately 1.5 years                        |
| Ms. Deng Dian                                      | Independent non-executive Director   | 13 August 2024                  | Approximately 1.5 years                        |
| Mr. Luo Qiling                                     | Independent non-executive Director   | 13 August 2024                  | Approximately 1.5 years                        |

# Corporate Governance Report

Mr. Chen Guangfu, who was appointed as a non-executive Director on 26 October 2023, tendered his resignation on 31 December 2025 and his resignation took effect on 23 January 2026 upon the appointment of Mr. Liu Juemao as a non-executive Director being approved by the shareholders at the extraordinary general meeting of the Company held on 23 January 2026.

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

All Directors have given sufficient time and attention to the affairs of the Company. Each executive Director is suitably qualified for his/her position, and has sufficient experience to hold the position so as to carry out his/her duties effectively and efficiently. Biographical information of the Directors is set out in the section headed “Biographical Details of Directors and Senior Management” of this report.

## Meetings of the Board

Board meetings were held from time to time to discuss the business strategies of the Company, to monitor financial and operational performance, to approve the financial results of the Company, and to discuss the corporate governance functions of the Board.

Directors may participate either in person or through electronic means of communications. The individual attendance record of each Director at the meetings of the Board and the general meetings during the year ended 31 December 2025 is set out below:

| <b>Name of Director</b>  | <b>Attendance/<br/>Number of board<br/>meeting(s) held<br/>during a<br/>director's tenure</b> | <b>Attendance/<br/>Number of<br/>general meeting<br/>held during a<br/>director's tenure</b> |
|--|---|--|
| <b>Executive Directors</b>   |   |  |
| Mr. Lai Feng   | 9/9   | 1/1  |
| Mr. Huang Fei  | 9/9   | 1/1  |
| Ms. Mai Jiayu  | 8/9   | 1/1  |
| Mr. Zhang Xihua  | 9/9   | 1/1  |
| <b>Non-executive Directors</b>   |   |  |
| Ms. Zou Chan   | 9/9   | 1/1  |
| Mr. Chen Guangfu (resigned on 31 December 2025,<br>which took effect on 23 January 2026) | 8/8   | 1/1  |
| Mr. Liu Juemao (appointed on 23 January 2026)  | N/A   | N/A  |
| <b>Independent Non-executive Directors</b>   |   |  |
| Ms. Liu Hongge   | 8/9   | 1/1  |
| Ms. Deng Dian  | 9/9   | 1/1  |
| Mr. Luo Qiling   | 8/9   | 1/1  |

# Corporate Governance Report

All Directors are provided with relevant materials relating to the matters brought before the meetings. They have separate and independent access to the senior management and the company secretary of the Company at all times and may seek independent professional advice at the Company's expense. When queries are raised by Directors, steps would be taken to respond as promptly and as fully as possible. All Directors have the opportunity to include matters in the agenda of board meetings. Notices of at least 14 days of board meetings are given to the Directors and the board procedures comply with the Articles, as well as relevant rules and regulations.

## Functions and Duties of the Board

The overall management of the Company's operations is vested in the Board. The Board carries out its functions according to the powers conferred upon it by the Articles which have been uploaded onto the websites of the Hong Kong Stock Exchange and the Company, and since the date of uploading, no significant change has been made.

The main functions and duties conferred on the Board include:

- management of the overall business and strategic development;
- deciding business plans and investment plans;
- convening general meetings and reporting to the Shareholders;
- exercising other powers, functions and duties conferred by the Shareholders in general meetings; and
- performing corporate governance duties in compliance with the terms of reference set out in the CG Code.

## Corporate Governance Functions

The Board is responsible for performing the corporate governance duties including:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;

# Corporate Governance Report

- (d) to review the Company's compliance with the code and disclosure in the Corporate Governance Report; and
- (e) to develop, review and monitor the code of conduct of securities dealing applicable to relevant employees and directors.

The day-to-day management, administration and operations of the Company are delegated to the general manager and the senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approvals must be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

The Directors may have access to the advice and services of the company secretary of the Company to ensure that the board procedures, and all applicable rules and regulations, are followed. In addition, the Directors may, upon reasonable request, seek independent professional advice under appropriate circumstance at the Company's expenses. The Board shall resolve to provide separate, appropriate, independent and professional advice to the Directors to assist the relevant Directors in discharging their duties.

The Board is of the view that the following mechanisms adopted by the Company are effective in ensuring that independent views and inputs are available to the Board:

- The Board comprises a majority of non-executive Directors.
- In assessing suitability of the Director candidates, the Board will consider their profiles, including their character, experience, qualifications and time commitment; the Board will also consider the Board's overall composition and skill matrix as well as the Company's diversity policy.
- The Board will review each Director's time commitment to the Company's business annually.
- The Board will assess non-executive Directors' independence upon appointment and annually.
- Directors are required to abstain from voting in matters in which he has material interest.
- Directors can upon reasonable request seek independent professional advice at the Company's expenses to discharge their duties.

The quality of deliberations at meetings of the Board are reviewed during the annual evaluation of the Board's performance.

# Corporate Governance Report

## Independent Non-Executive Directors

Independent non-executive Directors have played a significant role in the Board by bringing their independent judgement to the Board meeting and scrutinizing the Company's performance. Their views carry significant weight in the Board's decisions; in particular, they bring an impartial view to issues relating to the Company's strategy, performance and control. All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board. The independent non-executive Directors provide independent advice on the Company's business strategy, results and management to ensure that all interests of Shareholders are taken into account, and the interests of the Company and its Shareholders are protected.

The Board has three independent non-executive Directors in compliance with Rule 5.05(1) of the GEM Listing Rules, which requires that every board of directors of a listed issuer must include at least three independent non-executive Directors. In addition, one independent non-executive Director, namely Ms. Liu Hongge, possess appropriate professional accounting qualifications or financial management expertise in accordance with Rule 5.05(2) of the GEM Listing Rules. The Company has appointed three independent non-executive Directors, representing more than one-third of the Board, in compliance with Rule 5.05A of the GEM Listing Rules.

The Company has received annual confirmations of independence from each of the existing independent non-executive Directors. Based on the contents of such confirmations, the Company considers that all the independent non-executive Directors are independent and that they have met the specific independence guidelines as set out in Rule 5.09 of the GEM Listing Rules.

## Training and Support for Directors

All Directors are reminded of the importance of keeping abreast of their collective responsibilities.

During the year ended 31 December 2025, the Company provided the Directors with periodic updates on the GEM Listing Rules and regulatory developments. The Company also arranged a training session with its legal adviser to assist the Directors in developing and refreshing their knowledge and skills so as to ensure that their contribution to the Board remains informed and relevant.

In addition, pursuant to Rule 5.02D of the GEM Listing Rules, newly appointed Director is required to obtain legal advice from a firm of solicitors qualified to advise on Hong Kong law regarding the requirements under the GEM Listing Rules applicable to him or her and the possible consequences of making false declarations or giving false information to The Stock Exchange of Hong Kong Limited. In this regard, Mr. Liu Juemao, who was appointed as a non-executive Director on 23 January 2026, obtained legal advice from the Company's legal adviser, Loeb & Loeb LLP, on 22 January 2026 in relation to the GEM Listing Rules and directors' obligations. Mr. Liu Juemao has confirmed that he understood his obligations as a director of a listed issuer.

# Corporate Governance Report

The following table sets forth the training received by the Directors during the year ended 31 December 2025 are set out below:

| <b>Name of Director</b>   | <b>Attending seminars/<br/>training programs</b> | <b>Reading materials</b> |
|---|--|--------------------------|
| <b>Executive Directors</b>  |  |                          |
| Mr. Lai Feng ( <i>Chairman</i> )  | ✓  | ✓                        |
| Mr. Huang Fei   | ✓  | ✓                        |
| Ms. Mai Jiayu   | ✓  | ✓                        |
| Mr. Zhang Xihua   | ✓  | ✓                        |
| <b>Non-Executive Directors</b>  |  |                          |
| Ms. Zou Chan  | ✓  | ✓                        |
| Mr. Chen Guangfu (resigned on<br>31 December 2025, which took effect on<br>23 January 2026) | ✓  | ✓                        |
| <b>Independent non-executive Directors</b>  |  |                          |
| Ms. Liu Hongge  | ✓  | ✓                        |
| Ms. Deng Dian   | ✓  | ✓                        |
| Mr. Luo Qiling  | ✓  | ✓                        |

The Company confirms that the Directors have complied with the continuous professional development requirements under the Rule 5.02F of GEM Listing Rules during the year ended 31 December 2025.

## **Directors' and Officers' Insurance**

Appropriate insurance covers on Directors' and officers' liabilities have been in force to protect the Directors and officers of the Company from their risk exposure arising from the business of the Company and, as at the date of this report, the Directors and officers of the Company are indemnified under a Directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the Directors and officers of the Company. The Directors and officers of the Company shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

# Corporate Governance Report

## Appointments and Re-Election of Directors

Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into a service contract with the Company, and is subject to re-election at an AGM at the end of the term in accordance with the Articles. Each of the non-executive Director (other than Mr. Liu Juemao) and independent non-executive Directors was appointed for an initial term of three years commencing from 26 October 2023. Mr. Liu Juemao, the non-executive Director, was appointed for a term from 5 January 2026 to 25 October 2026.

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

## CHAIRMAN AND CHIEF EXECUTIVE

The roles of the chairman and the general manager 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 Company 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 Company, the Board believes that it is beneficial to the business prospects of the Company that Mr. Lai Feng continues to act as the chairman and general manager of the Company following the Listing Date, 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.

## BOARD COMMITTEES

The Board has established the Audit Committee, Remuneration Committee and Nomination Committee with defined terms of reference. The terms of reference of the board committees, which explain their respective role and the authority delegated to them by the Board, are available on the websites of the Company and the Stock Exchange. The board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice and other assistance under appropriate circumstances, at the Company's expenses.

# Corporate Governance Report

## Audit Committee

The Audit Committee was established on 6 September 2024 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph D.3 of part 2 of the CG Code. As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Ms. Liu Hongge, Mr. Luo Qiling and Ms. Deng Dian. The chairlady of the Audit Committee is Ms. Liu Hongge, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules. During the year ended 31 December 2025, the Company has fully complied with Rule 5.28 of the GEM Listing Rules.

The primary duties of the Audit Committee are to make recommendation to the Board on the appointment, reappointment and removal of external auditor, review the financial statements and material advice in respect of financial reporting, and oversee the risk management and internal control procedures of the Company.

During the year ended 31 December 2025, the Audit Committee mainly performed the following duties:

- (i) reviewed the Company's audited annual results for the year ended 31 December 2024, met with the external auditors to discuss such annual results without the presence of the Company's management, and was of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made;
- (ii) reviewed the accounting principles and practices adopted by the Company, and recommended the appointment of the external auditors and the proposed audit fee;
- (iii) reviewed the continuing connected transactions between the Company and its connected parties for the year ended 31 December 2024 and the six months ended 30 June 2025, all of which were entered into in the ordinary and usual course of business on normal commercial terms or better, pursuant to fair and reasonable provisions in the agreements, and in the best interests of the Company's shareholders as a whole; and
- (iv) assisted the Board in meeting its responsibilities for maintaining an effective system of internal control and risk management.

During the year ended 31 December 2025, 3 meeting was held by the Audit Committee. The attendance record of each member of the Audit Committee at the meeting of the Audit Committee is set out below:

| <b>Name of Director</b> | <b>Attendance/Number<br/>of Audit Committee<br/>meeting(s) held during<br/>a director's tenure</b> |
|-------------------------|--|
| Ms. Liu Hongge          | 3/3  |
| Mr. Luo Qiling          | 3/3  |
| Ms. Deng Dian           | 3/3  |

# Corporate Governance Report

There had been no disagreement between the Board and the Audit Committee during the year ended 31 December 2025.

## Remuneration Committee

The Remuneration Committee was established on 6 September 2024 with written terms of reference in compliance with paragraph E.1 of part 2 of the CG Code. As at the date of this report, the Remuneration Committee comprises three independent non-executive Directors, namely Ms. Liu Hongge, Mr. Luo Qiling and Ms. Deng Dian. The chairlady of the Remuneration Committee is Ms. Liu Hongge.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the remuneration packages of individual executive Directors, non-executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment).

During the year ended 31 December 2025, the Remuneration Committee mainly performed the following duties:

- (i) review the Company's remuneration policy and the remuneration of the executive Directors, non-executive Directors and senior management for the year ended 31 December 2024;
- (ii) consider the fairness and reasonableness of the Company's overall remuneration policy and structure and to conduct an evaluation and optimization;
- (iii) consider matters concerning remuneration adjustments for specific personnel of the Company; and
- (iv) review whether any changes are needed to the composition and terms of reference of the committee.

During the year ended 31 December 2025, 3 meeting was held by the Remuneration Committee. The attendance record of each member of the Remuneration Committee at the meeting of the Remuneration Committee is set out below:

| <b>Name of Director</b> | <b>Attendance/Number of<br/>Remuneration Committee<br/>meeting(s) held during<br/>a director's tenure</b> |
|-------------------------|---|
| Ms. Liu Hongge          | 3/3   |
| Mr. Luo Qiling          | 3/3   |
| Ms. Deng Dian           | 3/3   |

# Corporate Governance Report

## Nomination Committee

The Nomination Committee was established on 13 August 2024 with written terms of reference in compliance with paragraph B.3 of part 2 of the CG Code. As at the date of this report, the Nomination Committee comprises three members, namely Mr. Lai Feng, Mr. Luo Qiling and Ms. Liu Hongge, the majority of whom are independent non-executive Directors. The chairman of the Nomination Committee is Mr. Lai Feng.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board at least once a year and to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable director candidates and making such recommendations to the Board, the Nomination Committee would also take into account various aspects of a candidate, including but not limited to his/her education background, professional experience, experience with the relevant industry and past directorships.

During the year ended 31 December 2025, the Nomination Committee mainly performed the following duties:

- (i) review the annual independence confirmation submitted by the independent non-executive Directors and assess their independence;
- (ii) review the structure, number and composition of the Board for the year ended 31 December 2024;
- (iii) review the Board's diversity policy and staff diversity policy;
- (iv) review the contributions and time invested by the Directors in fulfilling their duties; and
- (v) review whether any changes are needed to the composition and terms of references of the Committee.

During the year ended 31 December 2025, the Nomination Committee conducted an annual assessment of each Director's time commitment and contribution to the Board. In conducting the assessment, the Nomination Committee applied a consistent set of criteria to all Directors and adopted a holistic approach, taking into account, among others, their attendance and participation at Board and committee meetings, preparation for meetings, involvement in Board's discussions, familiarity with the Group's business and strategy, professional qualifications and work experience, existing directorships of issuers listed on the Main Board or GEM, other significant external time commitments and any other factors relevant to their character, integrity, independence and experience.

Where the assessment involved a member of the Nomination Committee, such member abstained from the relevant discussion and decision-making to ensure the objectivity and impartiality of the assessment process.

# Corporate Governance Report

Based on the above assessment, the Nomination Committee considered that all Directors had devoted sufficient time to the Company's affairs and had made effective contributions to the Board, and were able to properly discharge their duties and responsibilities having regard to their professional background, experience and external commitments.

The Nomination Committee will also give consideration to the Board Diversity Policy when identifying suitably qualified candidates to become members of the Board, and the Board will review the Board Diversity Policy on a regular basis to ensure its effectiveness.

A "Nomination Policy" for Directors was formally adopted and this incorporated the nomination criteria and principles for Directors that are set out in the Nomination Committee's terms of reference. The Nomination Policy applies to the directors of the Company and where applicable, senior management prepared for Board positions under the succession planning of the Company.

The Nomination Policy aims to (i) set out the criteria and process in the nomination and appointment of directors of the Company; (ii) ensure that the Board of the Company has a balance of skills, experience and diversity of perspectives appropriate to the Company; and (iii) ensure the Board continuity and appropriate leadership at Board level.

In evaluating and selecting any candidate for directorship, the following criteria should be considered:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;
- any measurable objectives adopted for achieving diversity on the Board;
- requirement for the Board to have independent directors in accordance with the GEM Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the GEM Listing Rules;
- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

# Corporate Governance Report

## ***Nomination Process***

### *(i) Appointment of New Director*

- (1) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.
- (2) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- (3) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (4) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- (5) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

# Corporate Governance Report

## (ii) Re-election of Director at General Meeting

- (1) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.
- (2) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.
- (3) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the GEM Listing Rules and/or applicable laws and regulations.

During the period ended 31 December 2025, 2 meeting was held by the Nomination Committee. The attendance record of each member of the Nomination Committee at the meeting of the Nomination Committee is set out below:

| <b>Name of Director</b> | <b>Attendance/Number of<br/>Nomination Committee<br/>meeting(s) held during<br/>a director's tenure</b> |
|-------------------------|---|
| Mr. Lai Feng            | 2/2   |
| Mr. Luo Qiling          | 2/2   |
| Ms. Liu Hongge          | 2/2   |

# Corporate Governance Report

## Board Skills Matrix

The following board skills matrix shows a breakdown of the diverse skills set of the Directors:

|   | Business management | Financial reporting/<br>banking | Related Industry Knowledge/<br>Experience |
|---|---------------------|---------------------------------|---|
| <b>Executive Directors</b>  |                     |                                 |   |
| Mr. Lai Feng  | ✓                   |                                 | ✓   |
| Mr. Huang Fei   | ✓                   |                                 | ✓   |
| Ms. Mai Jiayu   | ✓                   |                                 | ✓   |
| Mr. Zhang Xihua   | ✓                   |                                 | ✓   |
| <b>Non-executive Directors</b>  |                     |                                 |   |
| Ms. Zou Chan  |                     |                                 | ✓   |
| Mr. Chen Guangfu (resigned on 31 December 2025, which took effect on 23 January 2026) |                     | ✓                               |   |
| Mr. Liu Juemao (appointed on 23 January 2026)   |                     |                                 | ✓   |
| <b>Independent Non-executive Directors</b>  |                     |                                 |   |
| Ms. Liu Hongge  | ✓                   | ✓                               |   |
| Ms. Deng Dian   | ✓                   | ✓                               |   |
| Mr. Luo Qiling  |                     |                                 | ✓   |

The skills matrix above sets out the skills and expertise of the Board enables the Board to effectively discharge its duties and responsibilities in attaining the Company's strategic objectives and achieving sustainable and balanced development for the Company.

# Corporate Governance Report

## DIVERSITY

### Board Diversity

The Board has adopted the Board Diversity Policy which sets out the approach to achieve diversity on the Board.

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

Having implemented the Board Diversity Policy, we believe we have achieved gender diversity in respect of the Board: currently the Board comprises five (55.6%) males and four (44.4%) females, which is higher than the average of the listed issuers on the Stock Exchange in the properties & construction sector (based on "Board Diversity & Inclusion in Focus", the Stock Exchange repository). It is our goal to maintain female representation in the Board at a level that is not less than the average of listed issuers in Hong Kong in the same industry. The Company will continue to enforce and review our Board Diversity Policy. In particular, when the Board identifies potential Director candidates in the future, it will ensure that sufficient consideration will be given to gender diversity in light of the gender distribution of the boards of listed issuers on the Stock Exchange which operates in the same industry as the Company.

### Workforce Diversity

As at 31 December 2025, the Company had a total workforce (excluding senior management) of 215 employees, of which 66% are males, and 34% are females. Among the senior management team of 33 members, 78.8% (26) are male and 21.2% (7) are female.

While we believe our future employee recruitment should predominantly be merit-based and do not consider it appropriate to set any target gender ratio for our workforce, we recognize and embrace the benefits of having a diverse workforce, and will continue to enhance the diversity of our workforce, subject to availability of suitable candidates.

# Corporate Governance Report

## AUDITOR'S REMUNERATION

The Company has appointed Ernst & Young as the external auditor of the Company. The remuneration paid or payable to Ernst & Young in respect of the Company's annual audit services and other non-audit services for the year ended 31 December 2025 amounted to approximately RMB1.6 million (value-added tax inclusive) and nil, respectively.

## FINANCIAL REPORTING

The Board, supported by the chief financial officer and the finance department, is responsible for the preparation of the financial statements of the Company for each financial year which shall give a true and fair view of the financial position, performance and cash flows of the Company for that financial year. The Directors acknowledge their responsibilities for preparing the financial statements of the Company. As at 31 December 2025, the Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The responsibilities of Ernst & Young, the Company's external auditor, for the audit of the financial statements, are set out in the section headed "Independent Auditor's Report" in this report.

# Corporate Governance Report

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Board recognises its overall responsibility for the Group's risk management and internal control systems and reviewing their effectiveness on an ongoing basis.

The risk management and internal control systems of the Group are featured with a defined management structure with limits of authority and well-rounded policies and procedures, and are designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks, and to safeguard assets of the Group. The Group risk management and internal control system are designed to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives. The Board is responsible for ensuring that appropriate and effective risk management and internal control systems are established and maintained. The senior management reviews and evaluates the control process, monitors any risk factors on a regular basis, and reports to the Audit Committee on any findings and measures taken to address such variances and identified risks. The Group has established policies and procedures applicable to all operating units to ensure the effectiveness of risk management and internal controls systems. The Group also has a process for identifying, evaluating, and managing the significant risks associated with the achievement of its operational objective. This process is subject to continuous improvement and was in place throughout 2025. The day-to-day operations are entrusted to individual departments, which are accountable for their own conducts and performance, and are required to strictly adhere to the policies set by the Board. The Group carries out reviews of the effectiveness of the risk management and internal control systems from time to time in order to ensure that they are able to meet and deal with the dynamic and ever changing business environment.

In addition, the procedures on disclosure of inside information were in place to ensure that all relevant facts and circumstances that may have material effect on the share price of the Group is promptly assessed and that any material information which comes to the knowledge of any one or more officers of the Group be promptly identified, assessed and, if appropriate, escalated for the attention of the Board to determine whether a disclosure is required.

The Board and the Audit Committee considered that the key areas of the Group's risk management and internal control systems, including the adequacy of resources, qualifications and experience of our accounting, internal audit and financial reporting staff, and their training programs and budget, are reasonably implemented and the Group has fully complied with provisions of the CG Code regarding risk management and internal control systems in general for the year ended 31 December 2025.

# Corporate Governance Report

## Objectives

The Board acknowledges its overall responsibility for overseeing the Group's risk management and internal control systems and ensures that a review of their effectiveness on ongoing basis. The Board has delegated and authorized its responsibilities of risk management to the Audit Committee, which is responsible for assisting the Board to evaluate and determine the nature and extent of the risks that the Group is willing to take to achieve its business strategic objectives and to ensure that the Group establishes and maintains appropriate and effective risk management and internal control systems and oversees the design, implementation and supervision of risk management and internal control systems. The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to meet its business strategic objectives and to provide a reasonable, but not absolute, assurance against material misstatement or loss.

The management has confirmed to the Audit Committee and the Board that the Group's risk management and internal control systems were effective for the year ended 31 December 2025.

## Main Features of the Risk Management and Internal Control Systems

The Group has established a risk governance organization structure with clear responsibilities and authorities.

The primary responsibilities of each parties of the Group's risk governance structure are summarized as follows:

### (a) Board

It determines the business strategic objectives of the Group, and evaluates the nature and extent of the risks that the Group is willing to take to achieve the strategic objectives of the Group. It also ensures that the Group appropriately and effectively establishes and maintains risk management and internal control systems and oversees the overall design, implementation and supervision of risk management and internal control systems.

### (b) Risk Control and Audit Department

As part of the management office's functions, the risk control and audit department of the Group (the "**Risk Control and Audit Department**") is responsible for coordinating and guiding the management to establish and operate the internal control systems, regularly supervising the Group's risk management and internal control systems, and making recommendations to the Board.

It assesses the effectiveness and adequacy of the Group's risk management and internal control systems and reports the findings for improvement of the identified control weaknesses or material systems deficiencies.

# Corporate Governance Report

## **(c) Management**

It is delegated and authorized to (i) design, implement and maintain risk management and internal control systems appropriately and effectively; (ii) identify, evaluate, manage and control the risks that may have potential and material impacts on the processes of the operations; (iii) monitor risks and take appropriate methods to mitigate risks; (iv) respond promptly to and follow up the findings of the risk management and internal control issues raised by the Risk Control and Audit Department; and (v) provide confirmation to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems.

## **Process for Identification, Assessment and Management of Material Risks**

The processes used by the Group for identification, assessment and management of material risks are summarized as follows:

### **(a) Risk Identification**

Identifies risks that may potentially and materially affect its strategies, business, operations and finance.

### **(b) Risk Evaluation**

Evaluates the identified risks by using the designated risk assessment criteria developed by the management; and evaluates the potential impacts and the likelihood of their occurrence.

### **(c) Risk Response**

Prioritizes the material risks by comparison of the risk assessment results; and determines the risk control strategies and internal control processes to avoid, prevent or mitigate the identified risks.

### **(d) Risk Reporting and Monitoring**

Discusses about the results of risk management to the Board, the Audit Committee and the management regularly; continuously monitors the identified risks and ensures that internal control system processes appropriately; and reassesses the risk control strategies and internal control processes in case of any material changes in business and the external environment.

# Corporate Governance Report

## **Process Used to Review the Effectiveness of the Risk Management and Internal Control Systems**

The Board and the Audit Committee have conducted annual review of the effectiveness of the Group's risk management and internal control systems on all major operations of the Group for the year ended 31 December 2025, with assistance from the Group's Risk Control and Audit Department and the management. The Board considered all recommendations from the management and the Audit Committee, and will properly follow up to ensure that the effectiveness of risks control and proper internal control systems.

### **Annual Review**

A comprehensive review on the effectiveness of the Company's risk management and internal control system is conducted by the Board and the Audit Committee annually.

During the year ended 31 December 2025, the Board and the Audit Committee conducted an annual review of the effectiveness of the Group's risk management and internal control systems in accordance with Code Provision D.2.1 of the CG Code. The scope of the review covered all material controls, including financial, operational and compliance controls, and in particular considered:

- (a) the changes, since the last annual review, in the nature and extent of significant risks (including ESG risks), and the Group's ability to respond to changes in its business and the external environment;
- (b) the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers;
- (c) the extent and frequency of communication of monitoring results to the Audit Committee and the Board for the purposes of assessing the adequacy and effectiveness of the Group's risk management and internal control systems;
- (d) any significant control failings or weaknesses identified during the review of the risk management and internal control systems and any remedial measures taken to address such matters;
- (e) the effectiveness of the Group's financial reporting and GEM Listing Rule compliance processes; and
- (f) the adequacy of resources (internal and external) for designing, implementing and monitoring the risk management and internal control systems, including staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, and financial reporting functions, as well as those relating to the Group's ESG performance and reporting.

# Corporate Governance Report

The Board and the Audit Committee discussed the risk management and internal control systems with management, including matters relating to risk assessment, monitoring mechanisms, compliance processes and the adequacy of resources, staff qualifications and experience, training programmes and budget.

During the year ended 31 December 2025, the Board and the Audit Committee considered that the adequacy of resources, qualifications and experience of our accounting, internal audit and financial reporting staff, and their training programs and budget, are reasonably implemented and considered that the Risk Control and Audit Department and the management are competent to carry out their roles and responsibilities. In accordance with such results, the Board and the Audit Committee are of the view that the Group has adequate workforce to satisfy with accounting and financial reporting duties and to comply with the GEM Listing Rules. The Board and the Audit Committee also discussed the extent and communication of monitoring results annually to enables for the assessment of the Group's control and the effectiveness of risk management.

In the annual review, it was noted that the Group's risk management and internal control systems are subject to continuous review and improvement. The Board and the Audit Committee have considered major findings on risk management and internal control matters from the management.

During the year ended 31 December 2025, the Group noted an instance in which the transaction amount under a continuing connected transaction approached and subsequently exceeded the then applicable annual cap due to an increase in service volume in the latter part of the year. The Board is of the view that such instance was attributable to operational and timing factors arising from the accelerated delivery and expanded scope of services requested by the relevant customer, rather than any material deficiency in the design of the Group's risk management and internal control systems.

Following the identification of the above matter, the Group further enhanced its internal control measures relating to continuing connected transactions, including strengthening inter departmental communication, enhancing monitoring and escalation procedures and providing additional compliance training to relevant personnel. The Board considers that such measures have further strengthened the Group's internal control environment and compliance framework. For details, please refer to the announcements of the Company dated 21 January 2026 and 31 December 2025.

No material control failure or weaknesses to the extent that have resulted in unforeseen outcomes or contingencies in the future which may have material impacts on the Company's financial performance or conditions have been identified by the Company.

The Board confirms that the Group had complied with provisions of the CG Code regarding risk management and internal control systems for the year ended 31 December 2025. The Group therefore considers that the risk management and internal control systems are effective and adequate.

# Corporate Governance Report

## Internal Audit Function

The Group's internal audit function is performed by its Risk Control and Audit Department, which plays an important role in the assessment of the effectiveness of the risk management and internal control systems of the Group and reports regularly. The Board and the Audit Committee considered that the Risk Control and Audit Department had been provided with adequate resources and budget and comprised qualified staff with sufficient experience and training programs to perform its internal audit function. For the year ended 31 December 2025, the Risk Control and Audit Department implemented the internal audit functions and reports findings to the Board.

## Anti-corruption and Whistle-blowing

We have adopted an anti-corruption policy which sets out the professional and ethical standards for our employees to observe in all business dealings. To achieve this, we would conduct background checks on personnel whom we are prepared to hire or promote to important positions, such as educational background, work history and criminal records to ensure that they will possess the integrity required of their positions. We would also provide anti-fraud and ethics trainings to our new employees and distribute our anti-corruption and anti-bribery policies to all our employees through employee handbooks, rules and regulations and quality manuals. Offer and acceptance of bribes are strictly prohibited by our management and employees in any of our business operations.

The Group is committed to achieving and maintaining the highest possible standards of openness, integrity and accountability. To prevent as far as possible violations and ensure compliance and operation by the highest ethical standards, the Group has designated specific whistle-blowing policies to allow employees, business partners and other relevant stakeholders to report illegal or non-compliant activities involving the Group to the Board and the Audit Committee confidentially. The identity of the whistle-blower and the relevant records of the whistle-blowing are treated with the strictest confidentiality.

## Inside Information and Information Disclosure

The Group has established a policy for ensuring that inside information is disclosed to the public in an equal and timely manner in compliance with the relevant laws and regulations. The policy regulates the handling and dissemination of inside information, including designates specific persons to be the main spokesperson of the Group to respond to external enquiries; designates reporting paths to facilitate each party to give an account of potential inside information to the designated responsible personnel; and designates responsible persons and departments to make decision about further actions to be taken and the ways to be disclosed.

# Corporate Governance Report

## JOINT COMPANY SECRETARIES

At the beginning of the year under review, the Company had two joint company secretaries, namely Mr. Liu Dongxue (“**Mr. Liu**”) and Ms. Cheung Lai Ha.

Ms. Cheung Lai Ha resigned as a joint company secretary, an authorised representative and the process agent of the Company with effect from 21 March 2025.

In order to uphold good corporate governance and ensure compliance with the GEM Listing Rules and applicable Hong Kong laws, the Company engaged Mr. Ng Tung Ching Raphael (“**Mr. Ng**”), a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute, as an external professional to assist the Company in corporate secretarial matters. Mr. Ng was appointed as a joint company secretary, an authorised representative and the process agent of the Company with effect from 21 March 2025 and thereafter worked jointly with Mr. Liu Dongxue.

Mr. Liu served as one of the joint company secretaries of the Company from September 2024 to 15 November 2025 and was responsible for overall information disclosure and investor relationship of the Company. He was the chief financial officer of the Company and the primary corporate contact person at the Company of Mr. Ng during the period from 21 March 2025 to 15 November 2025. He resigned as the chief financial officer and a joint company secretary of the Company with effect from 15 November 2025 due to his other personal commitments. Following Mr. Liu’s resignation, Mr. Ng remains as the company secretary of the Company. Ms. Mai Jiayu, is an executive Director, has been serving as the primary corporate contact person at the Company of Mr. Ng with effective from 15 November 2025.

During the year ended 31 December 2025, Mr. Liu and Mr. Ng have attended not less than 15 hours of relevant professional training as required under Rule 5.15 of the GEM Listing Rules.

All Directors have access to the advice and services of the joint company secretaries/company secretary on corporate governance and routine Board matters.

## SHAREHOLDERS’ RIGHTS

To safeguard Shareholders’ interests and rights, a separate resolution will be proposed for each issue at general meetings.

All resolutions put forward at general meetings will be voted by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

# Corporate Governance Report

## Convening of EGM and Putting Forward Proposals

Shareholders may put forward proposals for consideration at an EGM according to the Articles. Pursuant to article 54 of the Articles, the Company shall convene an EGM at the request of Shareholders who individually or collectively hold more than 10% of the Company's shares by written requisition(s).

The Board shall give a written reply as to whether it agrees or disagrees to hold an EGM within 10 days upon receipt of the request. Where the Board agrees to hold an EGM, it shall issue a notice of the extraordinary general meeting within five days after the resolution was made. Where the Board does not agree to hold an EGM or fails to give a reply within 10 days upon receipt of the request it shall be deemed that Shareholders who individually or together hold 10% or more of the shares of the Company shall have the right to submit a proposal to the Audit Committee of the Board on holding an EGM and such request shall be made to the Audit Committee of the Board in writing. Where the Audit Committee of the Board agrees to hold an EGM, it shall issue a notice of general meeting within five days after receiving the request. Any changes to the original request in the notice shall be approved by the relevant shareholders. Where the Audit Committee of the Board fails to give the notice of the general meeting within the specified time limit, it shall be deemed that the Audit Committee of the Board does not convene or preside over the meeting, in which case, shareholders who individually or together hold 10% or more of the shares of the Company for 90 or more consecutive days may convene and preside over the meeting on their own.

Pursuant to article 59 of the Articles, when the Company convenes an EGM, the shareholders who individually or jointly, hold more than 1% of the total number of voting shares of the Company, have the right to put forward a new proposal to the Company and submit it to the convener not less than 10 days before the EGM is held. The convener of the EGM shall, within 2 days after receiving the proposal, issue a supplementary notice of the EGM to inform other shareholders content of such proposal.

## Procedures by Which Enquiries May Be Put to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company. The Company will not normally deal with verbal or anonymous enquiries.

### Contact Details

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

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

Email: 8816106@xyjiance.cn

# Corporate Governance Report

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

## COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

### Shareholders' Communication Policy

The Company has adopted a Shareholders' Communication Policy (the "Policy") to promote effective communication with Shareholders, stakeholders and investors and to encourage their participation at general meetings.

The Board maintains an ongoing dialogue with Shareholders, stakeholders and investors and regularly reviews the effectiveness of the Policy. The Board considers that the Policy has been properly implemented and remains effective during the year ended 31 December 2025.

Pursuant to the Policy, the Company communicates with Shareholders, stakeholders and investors mainly through the following channels:

- (i) corporate communications such as annual reports, interim reports and circulars published on the websites of the Company and The Stock Exchange of Hong Kong Limited;
- (ii) announcements published on the websites of the Company and the Stock Exchange;
- (iii) a dedicated "Investor Relations" section on the Company's website ([www.xyjiance.cn](http://www.xyjiance.cn)), which is updated on a regular basis and publishes information submitted to The Stock Exchange of Hong Kong Limited immediately thereafter, including:
  - the Company's constitutional documents;
  - the terms of reference of the Board and its committees;
  - key corporate governance policies adopted by the Company;
  - announcements and circulars of the Company;
  - annual and half-yearly reports and other information submitted to the Stock Exchange; and
  - notices of shareholders' meetings and explanatory materials;
- (iv) annual general meetings and extraordinary general meetings, which provide a forum for Shareholders to exchange views with the Directors and senior management;

# Corporate Governance Report

- (v) designated contact details, correspondence addresses and email addresses for Shareholders' enquiries; and
- (vi) the Company's Hong Kong branch share registrar, which serves Shareholders in respect of share registration, dividend payment, change of particulars, election of means of receipt of corporate communications and other related matters.

Shareholders are encouraged to access the Company's corporate communications electronically via the websites of the Company and the Stock Exchange. Shareholders have the right to change their choice of means of receipt of corporate communications by giving reasonable notice to the Company. At general meetings, separate resolutions are proposed to resolve each substantially separate issue.

Shareholders are encouraged to participate in general meetings or appoint proxies to attend and vote on their behalf. Appropriate arrangements are made for annual general meetings to encourage Shareholders' participation. The Company reviews the procedures of general meetings from time to time to ensure that Shareholders' needs are best served. Directors, in particular the chairmen of the Board committees or their delegates, appropriate management executives and external auditors attend annual general meetings to answer Shareholders' questions.

## Shareholder Engagement

In accordance with Code Provision F.1.1 of the CG Code, the Board, in particular the independent non-executive Directors, endeavours to maintain accessibility to Shareholders to facilitate constructive engagement and to understand their views on matters affecting the Company, including governance and performance against the Company's corporate strategy.

During the year ended 31 December 2025, the Company engaged with Shareholders primarily through general meetings and regular corporate communications.

In particular, the Company held one annual general meeting on 16 May 2025 ("**2025 AGM**"). Notices, circulars and proxy forms in relation to the annual general meeting were despatched to Shareholders in accordance with the GEM Listing Rules, and the poll results were published on the websites of the Company and The Stock Exchange of Hong Kong Limited. All the Directors in office on the date of the 2025 AGM, including the Chairman and the Chairmen of the Audit Committee and other Board committees, attended the 2025 AGM along with key senior executives and the external auditor, and responded questions raised by Shareholders or their representatives at the meeting.

During the year ended 31 December 2025, the Company also published announcements in relation to, among other things, continuing connected transactions, discloseable transactions, financial results, changes in directors and senior management and other material corporate matters. Such announcements enabled Shareholders to be kept informed of the Company's business performance, corporate developments and regulatory compliance on a timely basis.

# Corporate Governance Report

In addition, the Company published announcements in December 2025 in relation to the proposed change of non-executive Director and the proposed change in use of proceeds, both of which were subject to approval by Shareholders at an extraordinary general meeting. A circular in relation to such matters was subsequently published on 5 January 2026, and the extraordinary general meeting was held on 23 January 2026, at which the relevant resolutions were duly passed.

The Company also maintained ongoing communication with Shareholders through the regular publication of announcements, circulars, interim and annual reports and monthly returns on the websites of the Company and the Stock Exchange throughout 2025.

The Company places emphasis on following up on the outcomes of shareholder engagement. Where appropriate, questions and views raised by Shareholders at general meetings and through other communication channels are responded to in a timely manner and are reported to the Board and management for consideration in enhancing corporate governance practices and operational performance. At the annual general meeting, representatives of the Company will attend to answer questions from shareholders. The auditors will also attend the annual general meeting and answer questions regarding audit matters, the preparation and content of the auditors' report, accounting policies and the auditors' independence.

Shareholders and other stakeholders may at any time send their enquiries and concerns to the Board by addressing them to the Board Secretary and sending them by post to at No. 1, Xinyi Avenue South, Dingbao Town, Xinyi City, Maoming City, Guangdong Province, the PRC, or by email to 8816106@xyjiance.cn.

## DIVIDEND POLICY

On 5 August 2024, the Board has approved and adopted the Dividend Policy in compliance with code provision F.1.1 of part 2 of the CG Code, which establishes an appropriate procedure in declaring and recommending dividend payment of the Company.

Summary of the Dividend Policy is set out below:

- (1) If the Company records a profit for the financial year, after taking into account the operating conditions and capital needs of the Company, the Board in principle may declare not less than 20% of the after-tax profit of the year to Shareholders.
- (2) The declaration of dividends is subject to the discretion of the Board, which shall take into account factors such as the characteristics and development stage of the industry in which the Company operates, the business model and profitability of the Company, and whether there are any major capital expenditure arrangement.

# Corporate Governance Report

- (3) The Company may only distribute dividends after:
- (i) recovery of accumulated losses, if any; and
  - (ii) allocations to statutory provident fund of 10% of our after-tax profit.
- (4) When the Company distribute its after-tax profit as dividend, 10% of the after tax profit shall be allocated as statutory provident fund. No allocation is required when the accumulated allocations to statutory provident fund reach 50% of our registered capital. If the statutory provident fund of the Company is insufficient to make up for losses in previous years, the Company's profits for the current year shall be used to make up for the losses before withdrawing the statutory provident fund in accordance with the preceding paragraph.
- (5) In addition to cash, dividends may be distributed in the form of Shares.

The Company will review the Dividend Policy from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

## CHANGE OF CONSTITUTIONAL DOCUMENTS

On 16 May 2025, the Company passed a special resolution at the general meeting to approve amendments to the Articles of Association. The latest version of the Company's Articles of Association is available on the Company's website at [www.xyjiance.cn](http://www.xyjiance.cn) and on the designated website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

# Report of the Directors

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

## PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of construction engineering testing and inspection services, food and agricultural testing services, motor vehicle testing services and hydraulic engineering testing services in the PRC. The principal activities of the subsidiaries of the Company are set out in Note 1 to the consolidated financial statements.

## RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 157 of this report.

## BUSINESS REVIEW

Please refer to the section headed “Management Discussion and Analysis” for the discussion of business review of the Group’s businesses for the year ended 31 December 2025.

## DIVIDENDS

The Board has recommended a final dividend for the year ended 31 December 2025 of RMB0.18 (inclusive of applicable taxes) per Share which represented a dividend payout ratio of approximately 30%. The proposed final dividend is subject to the passing of ordinary resolutions by the Shareholders at the forthcoming AGM.

The dividend will be denominated and declared in Renminbi. The holders of Unlisted Shares will be paid in Renminbi and the holders of H Shares will be paid in Hong Kong dollars. The exchange rate for the dividend to be paid in Hong Kong dollars will be the mean of the benchmark exchange rates of Renminbi to Hong Kong dollars as announced by the People’s Bank of China during the five working days before Friday, 15 May 2026, the date on which the AGM will be convened to approve the final dividend.

# Report of the Directors

In accordance with the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) and its implementation regulations, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members for H Shares when distributing the cash dividends. Any H Shares not registered under the name of an individual shareholder, including HKSCC Nominees Limited, other nominees, agents or trustees, or other organisations or groups, shall be deemed as shares held by non-resident enterprise shareholders. Therefore, enterprise income tax shall be withheld from dividends payable to such shareholders. If holders of H Shares intend to change their shareholder status, please enquire about the relevant procedures with their agents or trustees. The Company will strictly comply with the law and the requirements of the relevant government authority and withhold and pay enterprise income tax on behalf of the relevant shareholders based on the register of members for H Shares as at Wednesday, 27 May 2026.

If the individual holders of H Shares are Hong Kong or Macau residents or residents of the countries which had an agreed tax rate of 10% for the cash dividends given to them under the relevant tax agreement with the PRC, the Company should withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. Should the individual holders of H Shares be residents of the countries which had an agreed tax rate of less than 10% under the relevant tax agreement with the PRC, the Company shall withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. In that case, if the relevant individual holders of H Shares wish to reclaim the extra amount withheld due to the application of 10% tax rate, the Company can apply for the relevant agreed preferential tax treatment provided that the relevant shareholders submit the information required by the notice of the tax agreement to the H share registrar of the Company. The Company will assist with the tax refund of the extra amount withheld after obtaining the approval of the competent tax authority. Should the individual holders of H Shares be residents of the countries which had an agreed tax rate of over 10% but less than 20% under the tax agreement with the PRC, the Company shall withhold and pay the individual income tax at the agreed actual rate in accordance with the relevant tax agreement. In the case that the individual holders of H Shares are residents of the countries which have had an agreed tax rate of 20% under the relevant tax agreement with the PRC, or which has not entered into any tax agreement with PRC, or otherwise, the Company shall withhold and pay the individual income tax at a rate of 20%.

# Report of the Directors

## DISTRIBUTABLE RESERVES AND RESERVES OF THE COMPANY

As at 31 December 2025, the Company's distributable reserves, calculated in accordance with PRC rules and regulation, were RMB33 million. Details of the reserves of the Company as at 31 December 2025 are set out in note 35 to the financial statements.

## SHARE CAPITAL

As at 31 December 2025, the total share capital of the Company was RMB33,929,000, divided into 10,179,000 H Shares and 23,750,000 Unlisted Shares, with a nominal value of RMB1.00 each. Details of movement in the share capital of the Company for the year ended 31 December 2025 are set out in note 23 to the financial statements.

## DIRECTORS

The Directors during the year ended 31 December 2025 were:

### Executive Directors

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

### Non-executive Directors

Zou Chan  
Chen Guangfu (resigned on 31 December 2025, which took effect on 23 January 2026)

### Independent Non-executive Directors

Liu Hongge  
Deng Dian  
Luo Qiling

# Report of the Directors

The Company has received annual confirmations of independence from each of the existing independent non-executive Directors in accordance with Rule 5.09 of the GEM Listing Rules. The Company considers that all the independent non-executive Directors are independent in accordance with the GEM Listing Rules.

No Director will be proposed for re-election at the forthcoming AGM.

## **DIRECTORS' SERVICE CONTRACTS AND APPOINTMENT LETTERS**

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

Each of the Directors entered into a service contract with the Company for a fixed term ending on 25 October 2026, unless terminated by not less than three months' notice in writing served by either party on the other and is subject to termination provisions therein, and provisions on removal and re-election as set forth in the Articles.

## **BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT**

Biographical details of the Directors and senior management are set out on pages 45 to 53 of this report.

## **CHANGE OF INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

The Company abolished the Supervisory Committee pursuant to the approval of the Shareholders on 16 May 2025. In accordance with the effective Articles of Association of the Company, the Company no longer has a Supervisory Committee.

Save as disclosed above, there is no change to the Directors', supervisors and senior management's information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules during the year ended 31 December 2025.

# Report of the Directors

## **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE**

There was no transaction, arrangement or contract of significance to which the Company was a party, and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the year ended 31 December 2025.

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

As at 31 December 2025, none of the Directors and the chief executive of the Company 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 Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to 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 year ended 31 December 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.

# Report of the Directors

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

So far as is known to any Director or chief executive of the Company, as at 31 December 2025, the persons or corporations (other than Directors or chief executive of the Company) who had interest or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 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/<br>Nature of interest | Number<br>of Shares<br>interested | Approximate<br>percentage of<br>shareholding in<br>Unlisted Shares/<br>H Shares <sup>(1)</sup> | Approximate<br>percentage of<br>shareholding in<br>the total share<br>capital of the<br>Company <sup>(1)</sup> |
|---|---------------------------------|-----------------------------------|--|--|
| Xinyi City CEQS Center <sup>(2)</sup>                               | Beneficial owner                | 19,000,000<br>Unlisted Shares (L) | 80%  | 56.00%   |
| Xinyi Xinhui <sup>(3)</sup>   | Beneficial owner                | 4,750,000<br>Unlisted Shares (L)  | 20%  | 14.00%   |
| Guangdong Asset Management Co., Ltd*<br>(粵海資產管理有限公司) <sup>(4)</sup> | Beneficial owner                | 1,072,000<br>H Shares (L)         | 10.53%   | 3.16%  |
| Lin Jiangjun 林姜君  | Beneficial owner                | 1,943,000<br>H Shares (L)         | 19.09%   | 5.73%  |
| Lin Sheng Yu 林聖祐  | Beneficial owner                | 1,109,000<br>H Shares (L)         | 10.89%   | 3.27%  |
| Chen Menghua 陳孟華  | Beneficial owner                | 1,049,500<br>H Shares (L)         | 10.31%   | 3.09%  |
| Lu Sili 盧思麗   | Beneficial owner                | 1,038,500<br>H Shares (L)         | 10.20%   | 3.06%  |
| Liang Yishuang 梁藝爽  | Beneficial owner                | 999,500<br>H Shares (L)           | 9.82%  | 2.95%  |
| Zhang Kun 張坤  | Beneficial owner                | 530,000<br>H Shares (L)           | 5.21%  | 1.56%  |
| Zhang Yunling 張雲凌   | Beneficial owner                | 527,500<br>H Shares (L)           | 5.18%  | 1.55%  |

# Report of the Directors

## 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 31 December 2025.
- (2) Xinyi City CEQS Center is a public institution under the Xinyi City Bureau of Housing and Urban-Rural Development (信宜市住房和城鄉建設局).
- (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 (信宜市財政局), a department of the Xinyi County People's Government (信宜市人民政府).
- (4) To the best knowledge of the Company, Guangdong Asset Management Co., Ltd.\* (粵海資產管理有限公司) is wholly-owned by Guangdong Trust Co., Ltd.\* (粵海信託有限公司), which is in turn wholly-owned by Guangdong Holding Group Co., Ltd.\* (粵海控股集團有限公司). Guangdong Holding Group Co., Ltd. is in turn wholly-owned by Guangdong Yuehai Holding Group Co., Ltd.\* (廣東粵海控股集團有限公司).

\* For identification purpose only

Save as disclosed above, as at 31 December 2025, the Directors 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 Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## SHARE 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

Neither the Company nor any of its subsidiaries had not purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended 31 December 2025. As at 31 December 2025, no treasury shares were held by the Company.

# Report of the Directors

## CONTINUING CONNECTED TRANSACTIONS

The Group had related party transactions as further detailed in note 31 to the condensed consolidated financial statements, which included the continuing connected transaction described below and other related party transactions which were discontinued before the Listing.

As disclosed in the section headed “Continuing Connected Transactions” in the Prospectus of the Company dated 26 August 2024 in relation to the framework service agreement dated 13 August 2024 (the “**Framework Service Agreement**”) entered into between the Company and Xinyi City Xinhui State-owned Capital Investment Group Co., Ltd. (“**Xinyi Xinhui**”) for the provision of construction engineering testing and inspection services by the Company to Xinyi Xinhui and its subsidiaries (the “**Xinyi Xinhui Group**”) for a term of three years commencing from 6 September 2024.

As Xinyi Xinhui holds approximately 14% of the issued shares of the Company, it is a connected person of the Company and the transactions contemplated under the Framework Service Agreement constitute continuing connected transactions under Chapter 20 of the GEM Listing Rules. The annual caps originally approved for each of the years ending 31 December 2025 and 31 December 2026 were RMB3.0 million, respectively (the “**Existing Cap**”).

On 31 December 2025, in view of the growing demand for the Group’s testing and inspection services by the Xinyi Xinhui Group, the Board approved the revised annual caps of RMB5.2 million for the year ending 31 December 2025 and RMB6.0 million for the year ending 31 December 2026. The revised caps were subject to the reporting, annual review and announcement requirements and were exempt from independent shareholders’ approval.

In December 2025, a substantial volume of services was completed and delivered, which caused the aggregate transaction amount for the year to exceed the Existing Cap. The actual transaction value under the Framework Service Agreement recorded for the year ended 31 December 2025 was RMB4,851,000. The Group has implemented enhanced internal control and monitoring measures in respect of its continuing connected transactions to prevent recurrence. For details, please refer to the Company’s announcements dated 31 December 2025 and 21 January 2026.

# Report of the Directors

The Directors (including the independent non-executive Directors) have reviewed the above continuing connected transaction and confirmed that the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreement on terms which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The independent non-executive Directors and the external auditors of the Company have conducted an annual review of the continuing connected transaction in accordance with Chapter 20 of the GEM Listing Rules.

The auditor has issued a qualified opinion regarding the exceeding of the annual cap under the Framework Service Agreement. Except for this matter, the auditor has issued unqualified conclusions on the continuing connected transactions in accordance with paragraph 20.54 of the GEM Listing Rules, confirming that: (1) no matters have come to the auditor's attention that would indicate the disclosed continuing connected transactions were not approved by the Board; (2) no matters have come to the auditor's attention that would suggest the transactions were not, in all material respects, conducted in accordance with the Group's pricing policies; and (3) no matters have come to the auditor's attention that would imply the transactions were not entered into in the ordinary course of business.

Save as disclosed above, the Company confirms that no other related party transaction disclosed in the financial statements constitutes a connected transaction or continuing connected transaction under Chapter 20 of the GEM Listing Rules.

Save as disclosed above, the Company has complied with the disclosure requirements under Chapter 20 of the Listing Rules in respect of the above connected transactions and continuing connected transactions.

## **CONTRACTS WITH CONTROLLING SHAREHOLDER**

No contract of significance has been entered into between the Company and the controlling shareholder during the year ended 31 December 2025.

# Report of the Directors

## NON-COMPETITION UNDERTAKINGS

The controlling shareholder of the Company, Xinyi City CEQS Center, who 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' AND CONTROLLING SHAREHOLDER'S INTEREST IN COMPETING BUSINESS

None of the Directors or controlling Shareholder or their respective close associates (as defined in the GEM Listing Rules) is or was interested in any business, apart from the Company's business, that competes or may compete, either directly or indirectly, with the Company's business during the year ended 31 December 2025 and up to and including the date of this report.

## COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors and the Company's senior management received their remuneration in the form of salaries, social security, housing benefits and other employee benefits, and discretionary bonuses. The compensation of Directors and the Company's senior management is determined based on each Director and senior management's responsibilities, qualification, position and seniority. Details of the emoluments of the Directors and the Company's senior management and emoluments of the five highest paid individuals in the Company are set out in notes 8 and 9 to the financial statements of this report.

During the year ended 31 December 2025, no emoluments were paid by the Company to any Director or senior management as an inducement to join or upon joining the Company or as compensation for loss of office. None of the Directors or senior management had waived any emoluments during the year ended 31 December 2025.

Save as disclosed above, no other payments had been made or are payable, during the year ended 31 December 2025, by our Company to or on behalf of any of the Directors or the Company's senior management.

# Report of the Directors

## EMOLUMENT POLICY

The remuneration of the Directors and senior management of the Group is determined with reference to their respective responsibilities, qualifications, experience, individual performance and the Group's operating results, taking into account prevailing market conditions and industry practices.

The Remuneration Committee assists the Board in reviewing the remuneration structure of the Directors and senior management and makes recommendations to the Board on the remuneration packages of individual Directors and senior management, taking into account the Company's corporate goals and objectives, salaries paid by comparable companies, the time commitment and responsibilities of the relevant individuals and employment conditions within the Company.

## PENSION SCHEME

Employees of the Company are required to contribute a certain percentage of their salaries to a pension plan to fund the benefits. The Company has the obligation with respect to the pension plan to make specified contributions. During the year ended 31 December 2025, the Company did not use forfeited contributions to reduce the current level of contributions.

## MANAGEMENT CONTRACTS

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

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the PRC which oblige the Company to offer pre-emptive rights of new shares to existing Shareholders on their shareholding proportion.

## PERMITTED INDEMNITY PROVISION

At no time during the year ended 31 December 2025 and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors (whether made by the Company or other parties) or any of those of an associated company (if made by the Company).

# Report of the Directors

The Company took out directors' liability insurance for Directors during the year ended 31 December 2025 and remained effective as at the date of this report. The relevant insurance covers the liability of Directors and the related costs incurred by the Directors in respect of potential legal proceedings against them arising out of corporate activities.

## TAX RELIEF AND EXEMPTION FOR H SHAREHOLDER

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

## MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, the Group's five largest customers accounted for approximately 29.96% (2024: 47.1%) of the total revenue of the Group and the Group's largest customer amounted for approximately 8.2% (2024: 23.2%) of the total revenue.

During the year ended 31 December 2025, the Group's five largest suppliers accounted for approximately 53.1% (2024: 87.2%) of the total purchase and the Group's largest supplier accounted for approximately 14.8% (2024: 62.5%) of the total purchase.

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

## RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group acknowledges the importance to maintain good relationship with its employees and customers for the achievement of its short-term and long-term business objectives. For the year ended 31 December 2025, there was no serious and material dispute between the Group and its employees, customers and suppliers.

## COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2025, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on the Company.

# Report of the Directors

## AUDITOR

PricewaterhouseCoopers (“**PwC**”) resigned as the auditor of the Company with effect from 29 November 2024, as the Company and PwC could not reach a consensus on the proposed auditor’s remuneration for the financial year ended 31 December 2024. Ernst & Young (“**EY**”) was appointed as the new auditor of the Company pursuant to an ordinary resolution passed by the shareholders at the extraordinary general meeting held on 24 December 2024. For details, please refer to the Company’s announcements dated 29 November 2024 and 24 December 2024, and the circular dated 5 December 2024. Save as disclosed above, there has been no change in auditor of the Company in the preceding three years.

The financial statements of the Company for the year ended 31 December 2025 were audited by EY, who shall retire and, being eligible, offer itself for re-appointment. A resolution for its reappointment as auditor of the Company will be proposed at the forthcoming AGM.

## SUFFICIENCY OF PUBLIC FLOAT

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

## BANK LOANS AND OTHER BORROWINGS

The Company did not have any bank loans or other borrowings as at 31 December 2025.

## DONATIONS

During the year ended 31 December 2025, no charitable and other donations was made by the Company (2024: Nil).

## FIVE-YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Company for the last five financial years is set out on page 248 of this report.

# Report of the Directors

## **CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE FOR ATTENDING AND VOTING AT THE AGM**

The record date for determining the eligibility of Shareholders (except for holders of treasury shares, if any) to attend and vote at the AGM is Friday, 15 May 2026. The register of members of the Company will be closed from Tuesday, 12 May 2026 to Friday, 15 May 2026 (both dates inclusive), during which period no transfer of Shares will be effected. To be entitled to attend and vote at the AGM, the share transfer documents and the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) for registration no later than 4:30 p.m. on Monday, 11 May 2026.

## **CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE FOR PROPOSED FINAL DIVIDEND**

The record date for determining the entitlement of Shareholders (except for holders of treasury shares, if any) to the proposed final dividend is Wednesday, 27 May 2026. The register of members of the Company will be closed from Thursday, 21 May 2026 to Wednesday, 27 May 2026 (both dates inclusive), during which period no transfer of Shares will be effected. In order to qualify for the proposed final dividend payable on Tuesday, 14 July 2026, the share transfer documents and the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) for registration no later than 4:30 p.m. on Wednesday, 20 May 2026.

On behalf of the Board

**Lai Feng**

*Chairman*

Hong Kong, 26 March 2026

# Environmental, Social and Governance Report

## 1 ABOUT THIS REPORT

Guangdong Syntrust GK Testing and Certification Tech Service Center Co., Ltd. (the “**Company**” together with its subsidiaries, hereinafter referred to as the “**Group**”) is pleased to present our annual Environmental, Social and Governance (“**ESG**”) Report (the “**report**”), which reflects our initiative and performance in environmental protection, social responsibility, and company governance during the year, aiming to intensify the engagement and understanding with stakeholders, build a deeper trust relationship and jointly promote the long-term goals of sustainable development with partners from all walks of life.

The board of directors of the Company (the “**Board**”) has overall responsibility for the Group’s ESG strategy and reporting.

The Board is responsible for evaluating and determining the Group’s ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

### Reporting basis

This report is prepared in accordance with the ESG Reporting Code set out in Appendix C2 of the GEM Listing Rules (the “**ESG Reporting Code**”). The Group has complied with the disclosure requirements of the “comply or explain” provisions set out in the ESG Reporting Code. During the process of preparation of this report, we summarised the Group’s performance in corporate and social responsibilities based on the principles of “Materiality, Quantitative, Balance and Consistency”. Please refer to the table below for our understanding and response to such reporting principles.

### Principles of reporting

The preparation of this report follows four reporting principles set out in the ESG Reporting Code.

| Principle   | Response  |
|-------------|---|
| Materiality | Syntrust GK commenced its assessment of material topics and invited stakeholders to participate in the assessment. The Board approves and acknowledges the results of annual materiality analysis and discloses the effects of the Company on material topics and the Company’s performance in this report. |

# Environmental, Social and Governance Report

| Principle    | Response  |
|--------------|---|
| Quantitative | The data such as those key performance indicators (“KPI”) in this report have been reviewed, and measurement standards and methodologies referred to by key data are also set out in this report. |
| Balance      | The Company’s ESG performance is disclosed accurately, authentically, and completely.   |
| Consistency  | We will ensure consistent disclosure principles and explain specific changes and reasons for changes in the report in case of any changes in statistical methods and other relevant factors.      |

## Reporting scope

This report illustrates the Group’s initiative and performance regarding the environmental and social aspects during the reporting period from 1 January 2025 to 31 December 2025 (the “**reporting period**” or the “**current year**”).

This report covers all subsidiaries of the Group in the People’s Republic of China (the “**PRC**”), which account for 100% of our revenue of the Group (2024: 100% revenue of the Group), with core business that principally engaged in the provision of 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. In line with our commitment to being transparent with our stakeholders about our sustainability performance, there is change of reporting scope when compared with last year after 1) our acquisition of certain companies as our subsidiaries and 2) incorporation of certain new subsidiaries during the current year. For details of major subsidiaries of the Group covered in this report, please refer to Note 1 to the Financial Statements. The Group will continue in assessing the impacts of its business on the major ESG aspects and to include in this report.

## Data sources

The data and information used in this report are mainly derived from public data, internal statistical statements, third-party surveys, administrative instruments, reports, and other related documents.

## Approval of the report

This report was reviewed and confirmed for publication by the Board of Directors on 26 March 2026.

# Environmental, Social and Governance Report

## Access to the report

This report is available on the Hong Kong Stock Exchange website ([hkexnews.hk](http://hkexnews.hk)) and the Company's official website (<https://ir.xyjiance.cn>).

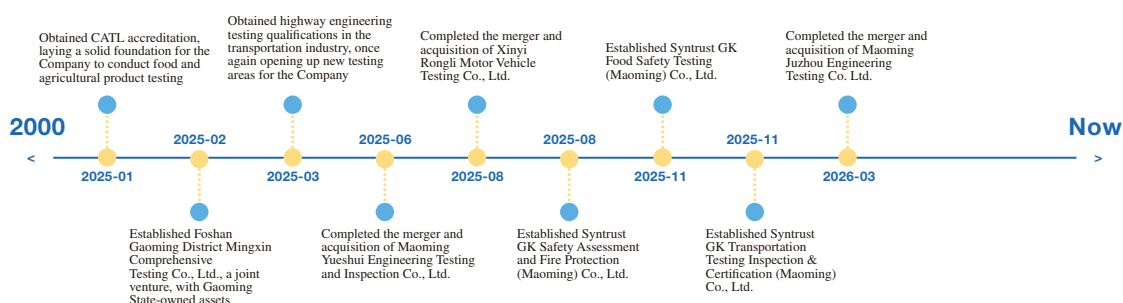
## Opinions and feedback

If you have any questions or feedback regarding the Company's ESG work or the report and its contents, please contact us at [8816106@xyjiance.cn](mailto:8816106@xyjiance.cn).

## 2 ABOUT US

### 2.1 Company Profile

Guangdong Syntrust GK Testing and Certification Tech Service Center Co., Ltd. (“**Syntrust GK**” or the “**Company**”) was established in December 1984, which was initially known as “Xinyi City Construction Engineering Quality Inspection Station (信宜市建設工程質量檢測站)”, and officially changed to the current name in October 2023. As a joint-stock company under the Xinyi City Bureau of Housing and Urban-Rural Development, the Company owns independent legal personality and carries out independent financial accounting. For a long time, we have been adhering to the work quality policy of “Science, Credibility, Accuracy and Excellence” and won wide market recognition relying on our strong technical strength. Through consistent innovation and business expansion, the Company has provided strong support for the high-quality development of the construction industry and built a good brand image within the industry.



### Development Milestones

# Environmental, Social and Governance Report

The Company has focused on the fields of testing, certification and technical services and has been committed to providing customers with high-quality professional solutions. Our main business scope covers construction engineering testing, product quality certification, and technical services, encompassing construction materials, construction quality, environmental monitoring, and support for construction products research and development. During the reporting period, we also started to provide hydraulic engineering T&I services and food and agricultural products testing services. Leveraging professional technical teams and advanced equipment, the Company has always maintained a leading position in the industry and has obtained several authoritative certifications and honorary awards.

## 2.2 Annual Honors

Syntrust GK is committed to continuously improving service quality, developing technological competitiveness, and transforming business models to create value for customers and society. We have obtained the honors and recognition from the government, industry institutions, media platforms and the public during recent years, including (partially shown):

| Award Organization   | Award Name   | Award Picture  |
|--|--|--|
| Guangdong Construction Engineering Quality and Safety Inspection and Appraisal Association | The Credit Rating of Construction Engineering Quality Inspection Agency – AA Level |  |
| Guangdong Provincial Academy of Building Research Group Co., Ltd.                          | 2024 Engineering Quality Inspection Skills Competition – The Best Grace Award      |  |





# Environmental, Social and Governance Report

| Award Organization   | Award Name   | Award Picture  |
|--|--|--|
| Guangdong Guangye Inspection and Testing Group Co., Ltd.                                   | 2024 Guangdong Province Cement Inspection Comparative Physical Performance Inspection – Qualified Unit                     |    |
| Guangdong Quality Supervision Cement Inspection Station (Guangzhou)                        |  |  |
| Xinyi City Bureau of Housing and Urban-Rural Development, Maoming City, Guangdong Province | The Knowledge Contest for Learning and Educating Party Discipline in the Housing and Construction System – The Merit Award |  |

# Environmental, Social and Governance Report

| Award Organization  | Award Name  | Award Picture  |
|---|---|--|
| China Construction Industry Association   | The Credit Rating of Construction Engineering Quality inspection Agency – AAA level |  <p>The certificate is titled 'AAA Credit Rating Enterprise (Construction Engineering Quality Inspection Agency)'. It lists five criteria for the rating: 1. Compliance with laws and regulations; 2. Timely payment of taxes and social security; 3. Timely payment of wages; 4. Timely payment of debts; 5. Timely payment of taxes. The certificate is issued by the China Construction Industry Association.</p> |
| Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province and Guangdong Provincial Tax Service, State Taxation Administration | Certificate of Invocation Company   |  <p>The certificate is titled 'High-tech Enterprise Certificate'. It is issued to Guangdong Syntrust GK Testing and Certification Tech Service Center Co., Ltd. with a certificate number of GR202548091462. The certificate is valid from December 19, 2025, for a period of three years.</p>  |
| Guangdong Society of Civil Engineering and Architecture   | The First Prize of the Scientific and Technological Award                           |  <p>The certificate is titled 'First Prize of the Scientific and Technological Award'. It is issued to Guangdong Syntrust GK Testing and Certification Tech Service Center Co., Ltd. for their work in 'Construction Engineering Quality Inspection'. The certificate is valid from December 19, 2025.</p>   |

# Environmental, Social and Governance Report

| Award Organization  | Award Name   | Award Picture   |
|---|--|---|
| Guangdong Quality Supervision Cement Inspection Station (Guangzhou) | 2025 Guangdong Province Cement Inspection Comparative Physical Performance Inspection – Excellent Unit |     |
| People’s Government of Guangdong Province                           | Advanced Entity of Guangdong Province  |    |
| China Association of Inventions                                     | The second prize of invention, entrepreneurship and innovation award                                   |  |
| Charitable Blood Donation Committee of Maoming City                 | Unit with great support to public welfare and charitable blood donation                                |   |

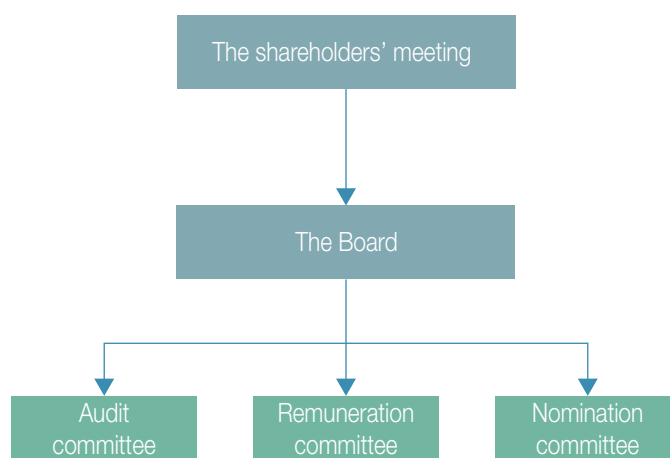
# Environmental, Social and Governance Report

## 3 CORPORATE GOVERNANCE

### 3.1 Compliance Management

#### 3.1.1 Governance Structure

Good company governance is the core guarantee for the standardized operation of testing and certification service institutions. Considering compliant operation as the foundation, Syntrust GK strictly abides by the requirements of laws and regulations such as the Company Law of the PRC (《中華人民共和國公司法》), the Administrative Measures for the Qualification Accreditation of Inspection and Testing Agencies (《檢驗檢測機構資質認定管理辦法》), and the Regulations of the People's Republic of China on Certification and Accreditation (《中華人民共和國認證認可條例》). Combining with the special attributes of the testing and certification service industry and the Company's strategic development plan, we continuously improve the corporate governance system. We have built a governance structure with the shareholders' meeting, the Board of Directors, and senior management as the cores to solidify the foundation of the Company's long development.



**Corporate Governance Structure**

# Environmental, Social and Governance Report

## ***3.1.2 Independence and Diversity of the Board***

We believe that independence and diversity of the Board are important for optimizing corporate governance and improving its effectiveness. We have formulated and implemented the terms of reference of the Nomination Committee of the Board to ensure that the selection process and elements of directors are fully guaranteed. The Board is committed to ensuring the appointment of at least three independent non-executive directors, with at least one-third of the members being independent non-executive directors (or a higher minimum number as prescribed by the Listing Rules from time to time). We select independent directors without direct or indirect ties to the Company, its major shareholders, or de facto controllers during the electing process to fully safeguard the legitimate rights of small and mid-sized shareholders. At the end of the reporting period, percentage of non-executive directors in audit committee, remuneration committee and nomination committee are 100%, 100% and 66.7%, respectively.

To ensure the diversity of directors, we weigh various aspects in appointing and reappointing directors: gender, age, cultural and educational backgrounds, professional experience, skills, and legitimate interests of the Company's major shareholders, which enable the Company to better tackle complex and dynamic economic and market environments, and enhance decision-making quality and effectiveness.

## **3.2 Information Transparency**

Syntrust GK strictly complies with relevant laws and regulations and discloses relevant information in a timely manner on Stock Exchange's HKEXnews and the Company's official website, which ensure the trueness, accuracy, completeness, timeliness, and fairness of information disclosure and strictly guarantee equal access to information for all shareholders. During the current year, Syntrust GK proactively disclosed information on environment, social responsibility, corporate governance, and operation and continuously improved the transparency and effectiveness of information disclosure.

# Environmental, Social and Governance Report

## 3.3 Risk Management

The Company strictly follows the relevant requirements of laws and regulations and builds an established risk management structure. With internal audit as the core means, we intensify internal control and risk prevention and proactively regulate our operating activities to ensure compliant and legal operation. For the testing and certification business, the Company has established 18 internal control systems covering quality monitoring, technical assessment and risk prevention and control and continuously optimizes the management process through the annual review of authoritative qualifications such as CNAS and CMA, which ensures the authenticity of testing data and public credibility of certification services.

We will conduct enterprise risk assessment at least once a year to cover the current and potential risks faced by our Company, including, but not limited to the risks arising from the ESG aspects and strategic risk around disruptive forces such as climate change. Our Board will assess the risks and review our Company's existing strategy, target and internal controls, and necessary improvement will be implemented to mitigate the risks. Our Board, Audit Committee and the ESG working group will maintain oversight of our Company's approach to risk management, including climate-related risks and risks are monitored as part of the standard operating processes to ensure the appropriate mitigations are in place as part of the regular management reviews. The decision to mitigate, transfer, accept or avoid a risk is resulted after our enterprise risk assessment process and directly influence the mitigating steps of those identified risks. Our Company will incorporate climate-related issues, including physical and transition risk analysis, into our risk assessment processes and risk appetite setting. If the risk and opportunities are considered to be material, our Company will make reference to them in the course of the strategy and financial planning process. Upon annual review of the ESG-related risks, and our Company's performance in addressing the risks, we may revise and adjust the ESG strategies as appropriate.

# Environmental, Social and Governance Report

## Management Structure

Through setting a dedicated risk control and internal audit management department, we clarify the responsibilities of three-tier management structure and conduct comprehensive audit supervision for all employees.

| Senior Management  | Each Business Department   | Each Functional Department  |
|--|--|---|
| <ul style="list-style-type: none"><li>The internal audit conducts supervision for the Company's senior management to ensure that their decisions and acts in operating activities comply with the Company's rules and systems, laws and regulations, and operating policies and goals.</li></ul> | <ul style="list-style-type: none"><li>The audit scope covers all business departments of the Company, including but not limited to the Materials Inspection Department, Monitoring and Structural Inspection Department, Road, Bridge &amp; Water Resources Inspection Department, Food and Agricultural Products Inspection Department, Foundation Testing Department, inspecting their standardization, efficiency, and compliance of operating activities, which ensures that all departments' operations meet the overall strategy and internal control requirements of the Company.</li></ul> | <ul style="list-style-type: none"><li>Examining the workflow of functional departments, the implementation of internal control systems, and the absence of fraud.</li></ul> |

# Environmental, Social and Governance Report

## ➤ *Specialized audit*

- **Financial activities:** Standardization of economic activities related to financial revenues and expenditures; including but not limited to the implementation of financial budgets and financial accounts, asset management, the authenticity, legitimacy and efficiency of financial information such as operating results, financial revenues and expenditures, and the compliance and efficiency of accounting work and financial management work.
- **Economic business activities:** The signing of material economic contracts and agreements such as procurement, the application effectiveness of all economic work procedures and methods, the effectiveness of human resources management, and the completion of annual plans and year-end assessment of the Company.
- **Departure audit:** Auditing the fulfillment of duties and handover of work during their tenure of personnel in positions of department managers and above and key business positions to ensure their economic responsibilities and handover work comply with standardization.

## ➤ *Procedure Management*

- Focusing on the justice, transparency and closed-loop management of procedures and enabling the audit department with independence and necessary rights and responsibilities.
- Providing channels of expressing opinions and complaints for auditees to create a compliant culture of interaction and improvement.

### 3.4 Business Ethics Management

We insist on integrity in operation and require all employees to strictly comply with laws and regulations, industry norms, and occupational ethics in their professional behaviors. Therefore, we have established a sound internal control system, “Anti-fraud and Complaints Reporting Management System (《反舞弊及舉報投訴管理制度》)”, to prevent fraudulent behaviors and safeguard the legitimate interests of the Company and its shareholders.

# Environmental, Social and Governance Report

The Company has established a multi-level supervision and management system to ensure the effective implementation of anti-fraud work. As a dedicated institution, the risk control and internal audit management department is responsible for cross-departmental coordination, risk assessment, internal auditing and whistle-blowing, while providing support for the establishment and improvement of the Company's anti-fraud mechanism. Through implementing comprehensive preventive measures such as background investigation, integrity training, and internal control mechanisms, the Company effectively reduces the fraud risk and safeguards the safety of assets and information.

## ***Discovery and recognition***

- Clarifying the concepts and forms of fraud, including bribery, asset misappropriation, information leakage and financial fraud for rapid recognition and response to potential risks.
- We will provide appropriate rewards to whistleblowers who report true and effective fraudulent behaviors to motivate proactive reporting.

## ***Handling process***

- Distinguishing reports regarding ordinary, middle, and senior management based on the difference in employees' rank.
- For the whistle-blowing towards employees at different levels, the handling period is within 10 days for ordinary and middle management, and the handling period is within 7 days for senior management to ensure the feedback right of real-name whistleblowers.
- According to the investigation results, the disciplinary punishment is taken against the fraudulent subjects and those involved in violation of the law are referred to judicial institutions for handling.
- After the fraud incidents, we conduct internal control assessment and put forward improvement advice to prevent the recurrence of similar incidents.

# Environmental, Social and Governance Report

## ***Whistleblower protection***

- Setting up reporting channels such as mail, email, and telephone and motivating relevant personnel such as employees, suppliers, and contractors to report any potential violations and fraudulent behaviors through public reporting channels.
- We encourage real-name reporting and accept anonymous reporting, strictly protect the privacy of whistleblowers and investigators, and strictly prohibit retaliation, threats and intimidation of whistleblowers, witnesses, and investigators.

## ***Training and dissemination***

- Anti-corruption training: We regularly conduct anti-corruption training for all employees, including senior management, to deepen the concept of integrity.

During the reporting period, there was no incident of non-compliance with the relevant laws and regulations that have a significant impact on the Group in relation to misconduct, malpractice and fraud.

### **Highlights**

During the reporting period, there are 6 directors and 11 employees who have participated in anti-corruption trainings, with a total training of over 17 hours. The number of corruption litigation cases filed or concluded by us is 0.

The Company has established a multi-channel reporting mechanism to encourage employees and external related parties to actively participate in anti-fraud work and jointly create a clean workplace ecology with full participation and joint supervision:

|                                  |  |
|----------------------------------|--|
| Complaint and Reporting Hotline: | 0668-8816106   |
| Email:                           | xyjc0668@163.com   |
| Company Official Website:        | <a href="https://www.xyjiance.cn/index.asp">https://www.xyjiance.cn/index.asp</a>            |
| Correspondence Address:          | No.1 Xinyi Main Road South<br>Dingbao Town, Xinyi City<br>Maoming City<br>Guangdong Province |
| Reporting Mailbox Location:      | No.1 Xinyi Main Road South<br>Dingbao Town, Xinyi City<br>Maoming City<br>Guangdong Province |

# Environmental, Social and Governance Report

## 3.5 Statement of the Board

The Company attaches great importance to the comprehensive management and fulfillment of ESG responsibilities, and the Board is fully responsible for the planning and supervision of ESG-related issues. In order to ensure the effectiveness and professionalism of ESG governance, we have established a sound ESG governance structure, which consists of the Board level and ESG working groups to guarantee the effective management of ESG risks, intensify the internal control system and lay a solid foundation for the sustainable development of the Company.

The Company has adopted systematic methods to identify, assess and manage ESG topics. Through materiality assessment, combined with industry guidelines and business characteristics of the Company, we have identified the most influential ESG key topics, set specific key performance indicators, and regularly assessed the gap between actual performance and goals; we conducted reviews of ESG goals annually to ensure that they are in line with the strategies of the Company and social needs. This dynamic management model enables us to respond to changes in internal and external environments in a timely manner.

Over the past year, the Company achieved outstanding developments in the ESG filed. We strictly followed the requirements of ESG reporting guidelines and completed the preparation and disclosure of the ESG report in collaboration with ESG working group to ensure the information transparency and accuracy; in the meantime, ESG working group specialized in assessing material risks such as climate changes and continuously optimized the target setting to provide professional support to the Board.

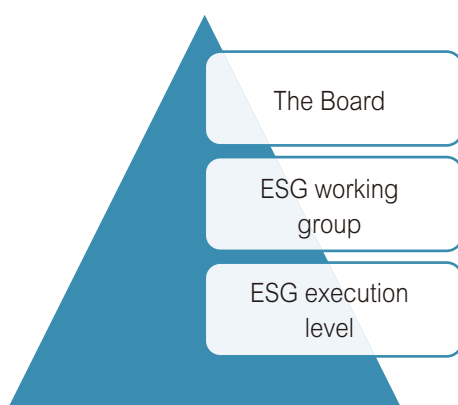
During the reporting period, the Company actively implemented ESG governance and risk management, which provided important guarantees for the Company's long-term development and laid a solid foundation for achieving the goals of sustainable development. In the future, we will continue to uphold high standards and continuously optimize the ESG management system to continuously create value for stakeholders, employees, and partners from all walks of life.

# Environmental, Social and Governance Report

## 4 ESG GOVERNANCE

### 4.1 ESG Governance Structure

The Group has established a clear ESG governance structure aimed to effectively identify, assess, and manage ESG-related risks. The structure consists of two core components, namely the Board and ESG working group, which jointly promote the Group to realize ESG goals.



**ESG Governance Structure**

#### ***The Board***

It is fully responsible for ESG risk assessment, target setting, performance review, report approval, and seeking external professional consultation when necessary.

- Risk Management and Supervision: Assessing and determining ESG-related risks, supervising the management's design, implementation, and monitoring of effective ESG risk management and internal control systems.
- Organization and Leadership: Appointing ESG working group members, reviewing and approving their reports, and regularly reviewing their performance and composition to ensure that they meet the Group's requirements.

# Environmental, Social and Governance Report

- **Strategic Planning and Target Setting:** Formulating, adopting, and evaluating the Group's ESG goals, strategies, and policies, and supervising their implementation effects. Adjusting goals, strategies and policies flexibly based on actual situations.
- **Performance Evaluation and Review:** Setting key KPIs and regularly reviewing ESG implementation results and evaluating the effectiveness of performance compared with established goals. Conducting reviews at least annually on the ESG goals to ensure their suitability.
- **Report Approval and Transparency:** Reviewing and approving the contents before issuing the ESG report to ensure its authenticity, fairness, and compliance with ESG reporting guidelines. The Board will engage external professional consultants to provide assistance and suggestions if necessary.

## ***ESG Working Group***

The ESG working group consists of one deputy general manager, one general office staff and one legal staff, who assist the Board to implement ESG policies, including risk evaluation, data collection, periodic reporting, management review, and internal and external connections.

- **Risk Evaluation and Materiality assessment:** Participating in corporate risk evaluation, conducting materiality assessment, and assessing the risks of climate change and their potential influences on our business.
- **Data Collection and Monitoring:** Collecting ESG data from various departments and continuously monitoring the implementation of ESG risk mitigation measures.
- **Periodic Reporting and Improvement Suggestions:** Submitting a semi-annual effectiveness report of the ESG system to the Board, and putting forward suggestions for system improvement.
- **Management Review and Follow-up:** Planning management review meetings, submitting management review reports of system operation or third-party environmental review reports, and following up on the implementation of management review resolutions.

# Environmental, Social and Governance Report

- **Renewal of Laws and Regulations and Report Preparation:** Providing the Board with the latest ESG information on laws and regulations and preparing an ESG report according to the ESG Reporting Guide with the assistance of external experts when necessary.
- **Internal and External Connections:** Being responsible for the internal and external connections of the quality, environmental, and occupational health and safety management systems.

## 4.2 Stakeholder Engagement

The ESG working group identifies the areas that stakeholders may be concerned about, understands stakeholders through various communication channels, and reports the results of stakeholder engagement to the Board.

| <b>Stakeholders</b>                   | <b>Areas of Concern</b>   | <b>Communication and Response</b>   |
|---------------------------------------|---|---|
| The Stock Exchange                    | Compliance with the Listing Rules and timely and accurate announcement release        | Training and seminars, meetings, announcements, and company website                     |
| Government and Regulatory Authorities | Compliance with laws and regulations, social welfare, and prevention of tax evasion   | Interaction and inspections, government examination, tax returns, and other information |
| Suppliers                             | Payment schedules, stable demand, compliant operation and product and service quality | On-site inspections and meetings  |

# Environmental, Social and Governance Report

| <b>Stakeholders</b>             | <b>Areas of Concern</b>  | <b>Communication and Response</b>  |
|---------------------------------|--|--|
| Shareholders/Investors          | Corporate governance system, business strategies and performance, and investment returns                     | The shareholders' meeting, financial reports and announcements and the Company's website                     |
| Media                           | Corporate governance, environmental protection, service quality, and human rights                            | Publishing newsletters on company website  |
| Customers                       | Service quality, fair and reasonable price, service value, labor protection and work safety                  | On-site inspections  |
| Employees                       | Rights and benefits, employee remuneration, training and development, working hours, and working environment | Conducting team activities, training, interviews, releasing quality manuals and internal memorandums         |
| Community/Welfare Organizations | Community environment, employment, community development, and social welfare services                        | Organizing community activities, employee volunteer activities, and community welfare services and donations |

Based on stakeholders' feedback, the ESG working group conducts a materiality assessment to identify ESG scope and KPIs that are critical to the Group's business and reports to the Board.

# Environmental, Social and Governance Report

## 4.3 Materiality Assessment

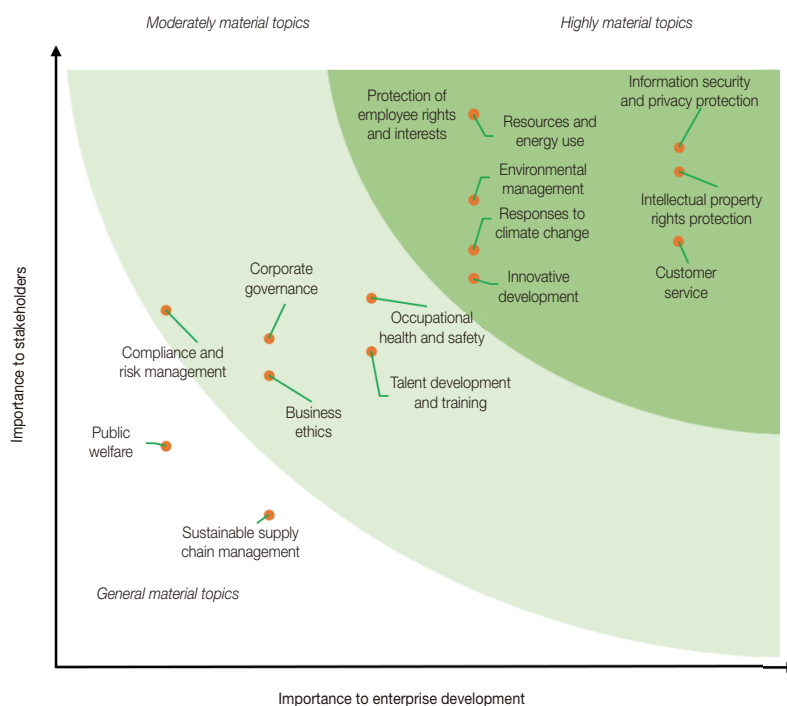
### *Materiality assessment*

In order to identify and assess the priority of various ESG topics for Syntrust GK, we invited a third-party professional consultant to conduct the materiality assessment in 2024. The processes of materiality assessment are as follows:

|   |   |
|---|---|
| Create a library of material topics     | Combining five aspects of national policies, corporate development, disclosure standards, capital market and peer benchmarking, and referring to the original list of material topics, we identify and sort out the material topics for the current year in multiple dimensions to create a library of material topics.   |
| Launch surveys among stakeholders       | Based on the above analysis dimensions, we identify a total of 15 topics, including 3 environmental topics, 9 social topics and 3 governance topics, which have substantial effects on Syntrust GK. Then we invite internal and external stakeholders of the Company through online questionnaires to evaluate the materiality of various sustainable development topics from their own perspectives, and comment on the current sustainable development strategy, relevant performance, reporting methods and disclosure quality of the Company. |
| Analyze and review material topics      | We apply statistical analysis to topic scores, assign a weight to each topic according to risk levels, and form the materiality matrix in two dimensions (“ <b>importance to stakeholders</b> ” and “ <b>importance to enterprise development</b> ”), and internal management and external experts review the screening and analysis results.   |
| Respond to and disclose material topics | We develop and implement action plans against material topics and focus attention on responding and disclosing the topics in the report accordingly.  |

# Environmental, Social and Governance Report

## Material topics matrix



## ESG Material Topics Matrix

### 5 ENVIRONMENTAL PROTECTION

The Company complies with laws and regulations, including but not limited to environmental protection laws and requirements related to air, water, land, and noise pollution. We strictly abide by relevant regulations such as the Environmental Protection Law and have formulated relevant policies and systems, mainly including the Environmental Management Manual (《環境管理手冊》) and the Identification and Assessment Procedures of Environmental Factors (《環境因素的識別與評價程序》), which are involved in environmental topics such as emissions management, resources utilization, response to climate changes and waste management. The ESG working group of the Company is responsible for the assessment of environmental risks and continues to follow up on the implementation of environmental protection measures.

During the reporting period, there was no material breach of or non-compliance with the applicable laws and regulations related to environmental protection.

# Environmental, Social and Governance Report

## 5.1 Energy Reduction

The Company is well aware that energy management is an important means to realize energy saving and emission reduction and improve the efficiency of energy utilization, which is directly related to the corporate's sustainable development. We strictly adhere to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》) and national and local laws and regulations on energy and emission and have formulated detailed energy management systems, regularly conduct statistics on energy consumption, which aim to meet the national requirements of energy saving and emission reduction while responding to the green requirements of the market to realize an organic balance between economic and environmental benefits.

In order to steadily promote corporate energy saving, we have developed energy saving goals: taking 2024 data as the benchmark, to control relevant energy use intensity per RMB1,000 of revenue at 90% to 110% over the next three years.

In order to achieve the above target, we have adopted an array of measures in mitigating greenhouse gas (“GHG”) emissions, energy consumption and generation of wastes during the course of our operations, including but not limited to:

- implementing recycling policy to ensure solid waste and liquid waste will be collected and recycled by qualified third-party service providers;
- requiring employees to turn off lights, machinery, equipment, and other electronic devices when the devices are not in operation and before they leave the premises;
- using lighting products that are more energy-efficient, such as LED lighting and automatic temperature control air-conditioning system;
- implementing the use of online system for internal administrative procedures to reduce the use of paper documents and avoid waste of paper by promoting printing on both sides;
- procuring electronic devices that are more energy efficient, such as those with Grade 1 or 2 energy label; and
- conducting regular inspection and maintenance of vehicles, machinery and equipment to ensure that they are running at optimal conditions with highest energy efficiency.

Our Company will continue to monitor emission of various waste regularly and our administration department will continue to keep record of pollutant emissions.

# Environmental, Social and Governance Report

## 5.2 Emissions

Given the nature of our business that does not relate to manufacturing and production, our operational activities do not directly generate industrial pollutants and thus we believe that our operational activities do not significantly pose negative impact to the environment and we are not aware of any material environmental liability risk or compliance costs during the reporting period.

However, as a supporter of environment protection, we advocate for green environment practices to reduce our carbon footprint, constantly raise the awareness of environmental protection among our employees and take into account of the resources and materials we uses in daily operation.

During the testing process in our laboratories, we generate noise, waste gases, liquid waste and solid waste pollutants. Set forth below are the major governance measures towards our major environmental related risks.

### ***Liquid waste***

Our liquid waste is mainly generated from testing process of asphalt raw materials and is required to be sealed and stored in special bottles before collecting by qualified third-party service providers. Domestic wastewater is treated by our sewage purification equipment to make sure the wastewater is discharged after being treated legally.

### ***Waste gases and dust***

Waste gases and dust generated during our testing process are mainly treated by air purification equipment before discharge.

### ***Noise control***

Noise may be generated during our testing process with the use of our laboratory equipment. We minimise our noise emission by purchasing hearing protection devices for testing personnel and installing soundproofed doors and soundproofing and vibration reduction measures in our laboratory equipment to reduce the level of noise.

For solid waste, please refer to following section-"Waste Management" for details.

# Environmental, Social and Governance Report

GHG emissions are closely related to climate change, which presents businesses with both long-term risks and opportunities. To better understand, quantify and manage the carbon and climate change related impacts, risks, and opportunities in our operation, it is integral to measure and disclose our carbon footprint as a first step in our ESG journey.

GHG emissions mainly consist of scope 1 direct emissions from consumption of unleaded petrol and diesel by daily use of vehicles, scope 2 indirect emissions derived from electricity consumption in our headquarters, laboratories and warehouses during our daily operation and scope 3 other indirect emissions that occurred from sources not owned or controlled by us.

For reduction measures of scope 1 and 2, please refer to section – “Energy Reduction” as above.

Regarding scope 3 other indirect emissions, during the reporting period, we identified our scope 3 GHG emissions amongst the 15 Scope 3 categories. Amongst the 15 categories, we have identified 7 categories relevant to our business. The other categories are not included (i.e. Categories 8, 9, 10, 11, 12, 13, 14 and 15) as they are irrelevant to our business.

To mitigate our indirect impact through third-party suppliers and service providers, we plan to strengthen our ESG practices and actively research the carbon footprint of our third-party suppliers and service providers and enlist environmental protection capability as one of our assessment elements when evaluating such suppliers and service providers to ensure that our suppliers and service providers are fully competent in carrying out sustainable operations and exerts continuous effort to minimize environmental impact. When screening those suppliers and service providers in the future, low carbon (i.e. evidenced with environmental compliance history and certification in environmental protection) will be our top priority criteria with evaluation metrics emphasizing environmental impact, energy and resource utilization, use of renewable energy and other innovative means for producing a smaller carbon footprint. Besides, we have a long practice of encouraging our employees to make their travelling and commuting as energy efficient as possible. For instance, our practice requires our employees to select economy class as a preference for business travel.

The Company actively responds to the national “dual carbon” strategy, attaches great importance to the management of its own GHG emissions, and sets goals for GHG emissions: taking 2024 data as the benchmark, to control the GHG emission intensity per RMB1,000 of revenue at 90% to 110% over the next three years.

# Environmental, Social and Governance Report

## 5.2.1 Climate Change

We deeply recognize that climate changes have a significant impact on our operating conditions, employees' health, and the Company's stakeholders. Therefore, we consider incorporating climate change risks into the established systematic risk management structure to effectively identify, assess, and respond to risks and opportunities associated with climate change.

In terms of major climate change related impact that may affect us, we evaluate the magnitude of the climate impact annually. The potential climate change risks can be categorised into (a) transition risks: being the risks arising from compliance with the applicable environmental laws and regulations and the stringent environmental protection standards; and (b) physical risks: being the risks for the damages arising from acute weather-related events and longer-term chronic shifts in climate patterns.

Set forth below is a summary of the climate-related risks our Company identified over the short, medium and long term.

| <b>Risks</b>                    | <b>Sources</b>   | <b>Potential Impacts</b>  |
|---------------------------------|--|---|
| Physical risks<br>(actual)      | – Extreme weather conditions such as flooding and storms<br>(Short term)   | – Reduced revenue from damage to assets<br><br>– Increased operating expenses |
| Transition risks<br>(potential) | – Change in climate-related regulations<br>(Medium to long term)<br><br>– Shifts in customer preferences (Long term) | – Increased operating expenses<br><br>– Reduced demand for our services       |

# Environmental, Social and Governance Report

Regarding physical risks, we have purchased adequate insurance to safeguard us and our employees against any climate change or extreme weather conditions like typhoons and storms that would materially and adversely affect our business and operations. In response to transition risks, particularly (i) the evolving environmental and climate regulatory requirements and (ii) the shifts in customer preferences that could lead to negative financial impact such as increase our environmental compliance costs, we have adopted a series of measures to minimise the risks of environment pollution and non-compliance with the applicable environmental laws and regulations. For details, please refer to section – “Energy Reduction” as above. During the reporting period, we had not experienced any material impact on our business operations or financial performance as a result of climate change or extreme weather conditions.

The Corporate Comprehensive Management Department is responsible for monitoring the impacts of climate changes on the Group’s business during the summer and rainy seasons, formulating response measures for extreme weather, updating climate-related risk lists annually for the Board’s review, as well as reporting on the implementation of annual plans to the ESG working group and putting forward rectification requirements when necessary to ensure that the Company can maintain steady operations amidst the challenges from climate changes.

## 5.3 Waste Management

We would separate the solid waste into two categories:

- hazardous solid waste such as polychlorinated (brominated) biphenyl waste generated from testing process of asphalt raw materials and waste printer toner cartridge; and
- non-hazardous solid waste such as waste construction materials sample (i.e. scrap iron, cement and geosynthetic materials), office paper and domestic waste.

We have engaged qualified third-party service providers for centralised disposal of our solid wastes. For hazardous solid waste, they are required to be sealed and stored in special bottles before disposal. Routine domestic waste generated from the daily operation is stored according to the local garbage classification requirements and then will be transferred to waste treatment plant by the local environment and hygiene authority.

# Environmental, Social and Governance Report

As a corporation committed to environmental protection, the Company has always strictly complied with national and local laws and regulations, incorporated them into the Company's operation management systems, and set relevant waste emission goals: taking 2024 data as the benchmark, to control the waste emission per RMB1,000 of revenue at 90% to 110% over the next three years.

In order to reduce emissions of non-hazardous waste, the Company has adopted a series of measures. In addition to engaging waste transporters for recycling, the Company expects to reduce office waste generation at the source:

- Advocate employees to bring their own cups to reduce use of paper cups.
- Recycle cardboard boxes for second use.
- Advocate double-sided printing to reduce paper consumption.

## 5.4 Water Resource Management

For usage of water, the Group does not encounter any problems in sourcing water that is fit for purpose. The Company strictly complies with the Water Law of the People's Republic of China (《中華人民共和國水法》), and national and local regulations relating to water resource protection and management, relevant laws relating to water pollution prevention and control, and relevant regulations regarding water saving. In order to ensure the compliance and effectiveness of water resource management, we have set water efficiency targets: taking 2024 data as the benchmark, to control water consumption per RMB1,000 of revenue at 90% to 110% over the next three years. We actively practice water and energy saving in accordance with internally developed water-saving systems:

- Regularly check meter readings and evaluate water pipe leakage, breakage, or other potential damages to reduce risks of water resource waste.
- Post water-saving tips in prominent areas of the workplace to deeply cultivate the culture of office water saving.
- Carry out water-saving training for all employees.
- Use materials that are conducive to a clean production environment and effectively reduce the consumption of cleaning agents and water.

# Environmental, Social and Governance Report

## 6 TALENT CULTIVATION

The Company always adheres to the management concept of “people-oriented”, strictly abides by the Labor Law of the People’s Republic of China (《中華人民共和國勞動法》), the Employee Health and Safety Law (《員工健康與安全法》) and other relevant national laws and regulations. The Company has established internal systems such as the Employee Handbook to protect the rights and interests of employees in all aspects.

### 6.1 Talent Attraction and Retention

The Company consistently adheres to the principles of fairness, impartiality and openness, and strictly prohibits any form of discrimination or child labor recruitment practices. In the recruitment process, we have established a standardized and scientific human resource management system, along with a well-defined workflow, to ensure efficiency and quality in recruitment. We have established the recruitment principles aligned with the strategic objectives of the Company, which emphasize a fair, just and open merit-based recruitment mechanism. Additionally, we enhance the transparency and objectivity of selection through comprehensive talent selection tools. In addition, we prevent labor disputes by conducting background checks to ensure that the hired employees are of legal age, have no criminal record, and have legally terminated their previous employment contracts. To prevent malpractice and other undesirable practices, the Company implements a relative avoidance policy during recruitment. All employees and their family members are required to truthfully declare their relatives, and any concealment or misrepresentation will be considered a violation of the policy. Relatives are prohibited from serving in the same management chain or related positions to ensure the fairness in employment practices.

For any non-compliance, the Company will immediately suspend the relevant recruitment process once discovery, initiate a comprehensive investigation process, and take corresponding remedial measures based on the results of the investigation. Disciplinary actions will be imposed on the individuals directly responsible. Meanwhile, we will further strengthen our internal management to prevent the recurrence of similar incidents and ensure the compliance and fairness of the hiring process.

To promote diversity and integration, prevent discrimination, and create a fair, diversified and inclusive working environment, we safeguard the rights and interests of employees and contribute to the sustainable development of the Company. The Company has established a democratic management system, set up an employee representative meeting and continuously improved feedback channels such as employee suggestion boxes, to ensure timely communication between employees and management and to further advance democratic management practices.

# Environmental, Social and Governance Report

In addition, we also organize a variety of cultural activities and interest groups through regular competitions and friendly matches, such as the establishment of basketball and badminton teams. These activities help employees enjoy the fun of sports, relaxation, physical fitness and stress relief after work.

During the reporting period, there was no material non-compliance regarding employment brought against the Group or its employees and we did not identify any issue related to child labour or forced labour within the Group.

## 6.2 Training and Development

We understand that the professional growth of our employees is a key driver for the development of the Company. Therefore, we have established a series of training systems focused on continuous learning and professional development to promote the effective integration of theoretical knowledge and business practices. Through specialized training, online training, skills competitions and other diversified methods, we deepen our employees' understanding and application of business knowledge, improve the professional competence and skills of our on-site staff, promote knowledge sharing and teamwork, and provide strong talent support for the Company's innovative development. In accordance with relevant national regulations, we allocate funds for employee education and training in full compliance with the law, ensuring that these funds are used exclusively for their intended purpose. This approach effectively safeguards employees' right to training and support their career development in an all-round way:

- **Specialized training system:** We organize and conduct activities such as staff induction training, on-the-job training, transfer training, professional and technical skills, vocational skills appraisal and other education and training work.
- **All-employee online training platform:** We improve the construction of internal vocational training and skills training platform. Various types of vocational skills training for employees are organized to help them achieve success in their roles.
- **Vocational skills competition and incentive system:** We organize and encourage employees to participate in all kinds of vocational skills competitions in the name of the unit or individual, while also actively conducting internal vocational skills competitions. Performance incentives are provided to employees who demonstrate outstanding performance in such competitions, as well as to skilled personnel who exhibit exceptional performance and high skill levels in their actual work.

# Environmental, Social and Governance Report

## Highlights

During the reporting period, the number of participants in training amounted to 215, of whom 142 were men and 73 were women, with a coverage rate of 100%. The average number of hours of training for both male and female employees was approximately 36 hours, with a total of 7,690 hours of training.

Meanwhile, in the face of different groups of employees, we establish different training programs and exchange activities, aiming to fully meet the growth needs of employees across various positions and professions.

### 6.3 Occupational Health and Safety

The Company strictly complies with the Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) and other relevant laws and regulations and industry standards. We continuously improve the health and safety responsibility system, establish a robust health and safety organizational structure and management system, and develop the Quality Manual (《質量手冊》), Laboratory Environmental Protection Management Procedures (《實驗室環境保護管理程序》) and Laboratory Safe Work and Environmental Management Procedures (《實驗室安全作業及環境管理程序》), which clarify the safety requirements for staff working in inspection and testing laboratories as well as on-site testing environments.

With reference to laws, regulations and industry-related provisions, we provide employees with facilities, equipment and protective gear that comply with occupational safety and health standards, and further enhance the awareness of workplace safety culture among our employees through regular safety arrangements, cultural promotion and other activities.

In addition, we pay great attention to the mental health of our employees and provide them with the necessary mental health support and communication channels. Through the construction of facilities such as basketball and badminton courts, we provide our employees with an environment that balances work and workplace life, enhancing both physical and mental well-being as well as team cohesion.

During the reporting period, there was no material work related injuries case. There were no non-compliance cases noted in relation to laws and regulations for health and safety.

# Environmental, Social and Governance Report

## 6.4 Remuneration and Benefits

The Company strictly formulates and implements policies on remuneration and benefit management in accordance with the laws and regulations on remuneration in China and Guangdong Province, as well as the personnel and salary management regulations of Guangdong Province. Upholding the principles of fairness and transparency, we are committed to establishing a comprehensive, industry-competitive remuneration and benefit protection system to provide employees with all-round support and protection.

### *Remuneration Management and Incentive System*

The Company is committed to establishing a fair and market-competitive remuneration system. By regularly reviewing our remuneration structure, we ensure that remuneration levels are competitive in the external market while maintaining internal equity. All employees are entitled to a comprehensive salary package in accordance with the law. Taking into account the performance of our employees in terms of value creation, our remuneration design aims to stimulate their motivation and creativity, fostering a positive working environment.

To further enhance employee motivation, the Company has established a comprehensive incentive system. The Company's rewards for employees are categorized into four forms: commendation, promotion, salary increase and bonus payment. Among them, commendation is applicable to all employees who demonstrate outstanding performance, with the scope of recognition based on specific achievements; while employees who make significant contributions to the development of the Company may be eligible for further promotion, salary increase or bonus reward. This incentive system reflects the Company's continuous investment in talent attraction and retention.

# Environmental, Social and Governance Report

## ***Welfare protection***

The Company strictly complies with the relevant national laws and regulations and pays all employees' social insurance and housing fund on time to safeguard their social security and future welfare. In addition, the Company implements an 8-hour working day and provides paid leave for employees:

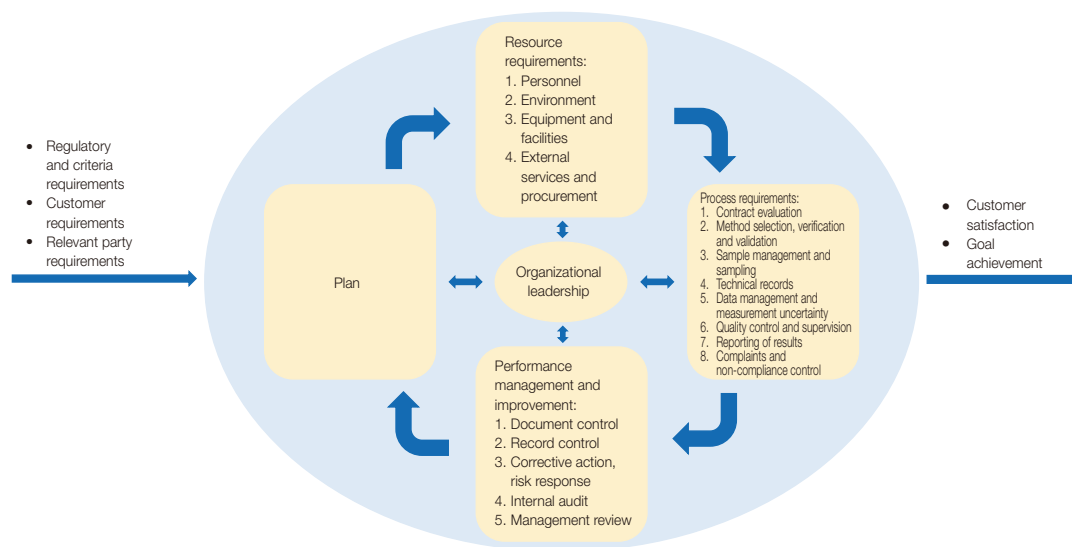
- **Statutory holidays:** Statutory holidays are implemented in accordance with the relevant regulations of the State and Guangdong province.
- **Paid annual leave:** Eligible employees are entitled to 5, 10 or 15 days of paid annual leave based on their accumulated years of service in accordance with the law.
- **Marriage leave:** Official employees of the Company who fulfill the formal marriage registration procedures in compliance with the Marriage Law will be granted marriage leave in accordance with the relevant regulations of the State and Guangdong province.
- **Bereavement leave:** In the event of the death of an immediate family member (i.e. spouse, child, parent, or parent of spouse) or an immediate breadwinner, the Company shall grant bereavement leave in accordance with the applicable laws and regulations, including provisions for round-trip travel, as stipulated by the State and Guangdong province.
- **Parental leave:** If a child is born in compliance with applicable laws and regulations, each parent is entitled to 10 days of parental leave per year until the child turns three. The cost-sharing of labor for the leave is implemented in accordance with the relevant regulations of the State and Guangdong province.
- **Nursing leave:** Nursing leave is granted in accordance with the relevant regulations of the State and Guangdong province.
- **Family visit leave:** Family visit leave is granted in accordance with the relevant regulations of the State and Guangdong province.

We aim to create an environment where employees can balance their family and personal life while developing their careers, and to achieve more efficient work and a better quality of life through a well-established system of paid leave.

# Environmental, Social and Governance Report

## 7 PRODUCT LIABILITY

The Company places a high priority on user safety, product quality and safety, implementing a comprehensive lifecycle management for products. We are dedicated to delivering exceptional and high-quality services through continuous optimization of technological innovation and quality management system, to satisfy users' needs and win the trust of the market.



### Product Quality Management System of Syntrust GK

#### 7.1 Technological Innovation and Intellectual Property Rights

##### *Technological Innovation*

The Company recognizes that technological innovation and cutting-edge technology are the core drivers of product iteration. Therefore, we continue to increase our investment in research and development, promote the improvement of service quality through technological innovation, and strive to become an important participant and promoter of the digital transformation of products within the industry.

# Environmental, Social and Governance Report

## Case: Digital Enabling Testing Business

We successfully realized the iteration of the Testing Information Intelligent Management System from V1.0 to V2.0 version, which realized real-time, on-site and error-free management of ledgers, fully meeting the diverse needs of modern office environments for paperless, process-driven, data-driven, mobile and intelligent operations. Furthermore, the Company has independently developed a material delivery pallet for construction material testing and a reinforcement bar placement frame and obtained the national patent.



## Information Intelligent Management System

广东集信国控检测认证技术服务中心股份有限公司

| 序号 | 内部编号     | 申请号            | 申请日        | 授权日        | 授权公告日      | 名称                     | 类型    | 备注   |
|----|----------|----------------|------------|------------|------------|------------------------|-------|------|
| 1  |          | 2019103630873  | 2019/4/25  |            |            | 钢筋智能测量设备及钢筋智能测量方法      | 发明    | 已拿证书 |
| 1  |          | 2021112787840  | 2021/10/31 |            |            | 基于灰度的采用光栅补偿处理的动态裂缝监测系统 | 发明    | 已拿证书 |
| 1  |          | 2022109918969  | 2022/8/18  |            |            | 一种公路病害的基层测量装置          | 发明    | 已拿证书 |
| 1  |          | 2023116638892  | 2023/11/21 |            |            | 一种用于流域水环境治理的智慧监管平台     | 发明    | 已受理  |
|    |          | 2023109931366  | 2023/8/9   |            |            | 一种混凝土桥墩沉降检测装置          | 发明    | 已拿证书 |
| 1  |          | 2024101186808  | 2024-1-29  |            |            | 一种自适应管理系统及管理方法         | 发明    | 已驳回  |
| 2  | HT240313 | 202420698171.8 | 2024-3-27  | 2024/9/19  | 2024/10/18 | 建筑材料检测用的材料送检托盘         | 实用新型  | 已拿证书 |
| 3  | HT240348 | 202420699921.3 | 2024/3/29  |            |            | 建筑材料检测用的材料送检托盘         | 实用新型  | 已驳回  |
| 4  | HT241027 | 2024224592908  | 2024/10/11 | 2026/7/1   | 2026/7/25  | 一种钢筋探测架                | 实用新型  | 已拿证书 |
| 5  | HT241049 | 2024225168674  | 2024/10/17 | 2026/8/12  | 2026/9/23  | 一种激光打靶装置               | 实用新型  | 已拿证书 |
| 6  | HT241064 | 2024225612557  | 2024/10/24 | 2026/7/28  | 2026/8/26  | 一种钢筋智能测量装置             | 实用新型  | 已拿证书 |
|    |          | 20243R2010024  | 2024/10/22 |            |            | 混凝土质量检测系统              | 软件著作权 | 已拿证书 |
|    |          | 20243R1994078  | 2024/10/22 |            |            | 地基承载力检测系统              | 软件著作权 | 已拿证书 |
|    |          | 2023R11226932  | 2024/3/29  |            |            | 检测检测信息智能管理系统           | 软件著作权 | 已拿证书 |
| 1  | HT250058 | 202520161304X  | 2025/1/23  | 2026/12/16 | 2026/2/6   | 一种移动机器人                | 实用新型  | 已拿证书 |
| 2  | HT250139 | 2025102853882  | 2025/3/11  |            | 2026/7/1   | 一种检测项目进度的跟踪管理系统及方法     | 发明    | 已受理  |
| 3  | HT250261 | 2025109985794  | 2025/5/9   | 2026/9/18  | 2026/11/28 | 一种公共道路沉降检测方法           | 发明    | 已拿证书 |

## National Patent for Concrete Quality Testing System

# Environmental, Social and Governance Report

***Intellectual property rights***

The Company strictly complies with relevant laws and regulations and has established a robust intellectual property management system based on our actual operations. This system ensures that the ownership of any results created within the employment relationship belongs to the Company. We adhere to obligations related to intellectual property rights and sign non-competition agreements with employees who are subject to confidentiality obligations, thereby safeguarding the commercial interests of the Company.

With respect to confidentiality obligations, the Company strictly stipulates the scope of confidentiality and minimizes the potential risk of intellectual property leakage through an approval system and other measures.

| Highlights   |
|--|
| During the reporting period, the Company had 6 newly added patent license. |

# Environmental, Social and Governance Report

## 7.2 Privacy and Information Security

The Company strictly adheres to relevant laws and regulations by formulating and implementing the Procedures for Protecting Customers Confidentiality and Ownership (《保護客戶機密和所有權的程序》). These measures ensure the safety and security of the information obtained during inspection and testing activities. We are committed to safeguarding the ownership of customer property, including samples, drawings, technical data, and sign confidentiality agreements with customers when necessary:

|                          |  |
|--------------------------|--|
| Confidentiality scope    | <ul style="list-style-type: none"><li>• Customer information, sample information, test data and reports</li><li>• State secrets, business secrets and technical secrets obtained during testing activities</li><li>• Information provided by regulators and complainants</li></ul>   |
| Confidentiality measures | <ul style="list-style-type: none"><li>• Implementing access control for inspection and testing sites</li><li>• Setting up a secure computer system</li><li>• Secure transmission of technical information</li><li>• Properly maintaining inspection and testing records</li><li>• Keeping inspection and test reports or certificates confidential</li></ul> |

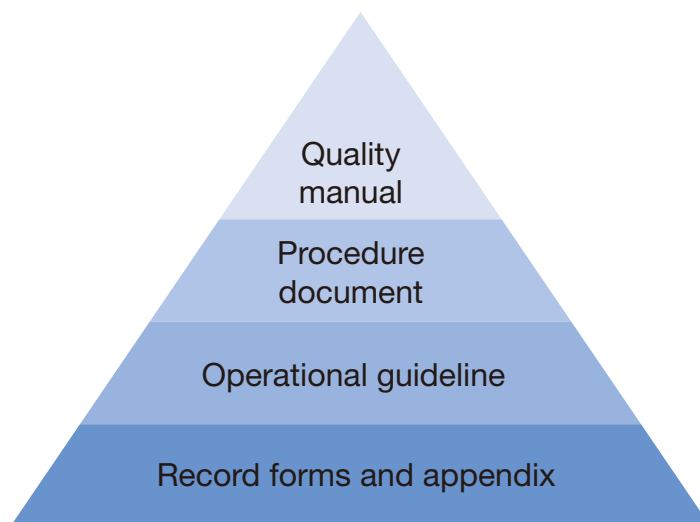
In addition, the Company has established a comprehensive risk management procedure to identify and respond to potential information security risks. By analyzing the sources of risks, we take actions to avoid, reduce or share risks. Through periodically evaluating and verifying the effectiveness of these measures, we adequately identify and implement different levels of confidentiality measures for various types of confidential information:

- State secrets refer to confidential matters related to national security, national defense, foreign affairs, economy, science and technology, among others.
- Business secrets include design information, product formulas, production processes, customer lists, marketing strategies, among others.
- Technical secrets include product formulas, processes, know-how, design drawings, test data and records, computer programs, among others.

# Environmental, Social and Governance Report

## 7.3 Service Quality and Safety

The Company always prioritizes quality and safety to ensure that the inspection and testing services provided meet the highest industry standards. In accordance with the relevant laws and regulations, management measures and evaluation guidelines, and taking into account its own actual situation, the Company has established core management policies, such as the Quality Manual (《質量手冊》) and the Procedure Documents (《程序文件》). The quality policy and objectives have been determined by senior management. The Quality Manual is organized and compiled by quality officer and approved by the general manager for implementation. It covers quality policy objectives, commitments, management, technical and safety requirements. Additionally, the Company has established a management system, and quality officer, in collaboration with the team, establishes, implements and maintains a quality management system tailored to the Company's actual situation based on the relevant documents. Through regular training and learning programs, all employees gain a deep understanding of and strictly adhere to the quality management system documents. This ensures that the quality philosophy is integrated into the entire product lifecycle, comprehensively safeguarding the health and safety of products and services.



### Quality management system

- Quality manual: It stipulates the Company's quality policy and serves as a comprehensive, normative document that describes the establishment and operation of the management system in accordance with relevant requirements;

# Environmental, Social and Governance Report

- **Procedure document:** The document that stipulates the methods and requirements of each quality activity of the Company. It serves as a supporting document to the quality manual and encompasses the management system;
- **Operational guideline:** The guideline stipulates normative documents that specify a specific activity. They include various types of product standards, inspection standards, technical specifications, operating procedures, testing rules, technical regulations and documents;
- **Records:** Witnesses to the operation of the management system are present throughout the reporting process. They are categorized into two types: quality records and technical records. Quality records, which pertain to management activities, are the responsibility of the quality staff. Technical records, which relate to testing activities, fall under the responsibility of the technical staff.

We expect that the quality concept will be deeply rooted in the Company's product culture through regular training, risk control and closed-loop management.

- **Quality training:** A total of 215 employees participated in the training program, completing a total of 7,690 training hours.
- **Risk management and control:** The Company strictly implements product quality testing procedures, taking into account factors such as the volume of testing business, the stability and complexity of the testing methods, the degree of reliance on the experience of technicians, the frequency and results of participation in external comparisons (including proficiency testing), the skills and experience of personnel, the number of personnel and changes, as well as the testing of new methods, changes in methodology or special requirements that may impact testing quality. In addition, we have established a comprehensive product recall process to continuously strengthen product quality management.
- **Closed-loop management:** The Company conducts regular audits and reviews of its quality management through the Internal Audit Procedures (《內部審核程序》) and Management Review Procedures (《管理評審程序》) to promote continuous improvement of the quality management system and achieve closed-loop management.

# Environmental, Social and Governance Report

## Case

During the reporting period, we had organized various events with external professional parties so as to maintain our services quality including but not limited to visit and training session with professor of Shenzhen University, and training session of CMA accreditation.



## 7.4 Customer Service

The Company attaches great importance to customer service and has established the Requirements, Bids and Contracts Evaluation Procedures (《要求、標書和合同評審程序》) to ensure the provision of high-quality services to customers. These procedures cover on-site service commitments, customer communication, issue handling and customer satisfaction management.

- **Customer information management:** The operations department is responsible for collecting and maintaining key customer information, including telephone numbers, fax, address, zip code, customer name and e-mail address, and establishing a complete customer file to provide basic support for follow-up services.

# Environmental, Social and Governance Report

- **Service commitment and communication:** The operations department collaborates with the inspection department to define customer needs, including requirements for inspection, on-site services, and corporate observations. Special customer requests are accommodated to the extent possible while maintaining the confidentiality of other customers. All employees are expected to be approachable and provide clear responses to customer inquiries.
- **Issue handling and notification:** During the testing process, the testing department should notify the customer in a timely manner if there is any data deviation or delay. When the customer raises questions regarding the test results, the authorized signatory, technical staff and quality officer are responsible for providing clarifications, technical guidance, and explanations related to quality issues, respectively. This ensures that all concerns are properly addressed.
- **Customer feedback and satisfaction management:** The Company attaches importance to each and every feedback received from customers. All feedback, whether positive or negative, is recorded and fed back to the relevant departments to serve as a foundation for management review and system enhancement. We conduct regular customer satisfaction to monitor customer needs and address any dissatisfaction or basic satisfaction, striving to achieve complete customer satisfaction.

## Highlights

During the reporting period, our service satisfaction rate was 100%, with no customers' complaints.

## 8 WIN-WIN COOPERATION

### 8.1 Promotion of Industry Development

Syntrust GK aims to establish long-term and stable cooperative relationship with universities. By integrating the scientific research strengths of universities with the industrialization resources of enterprises, we seek to further explore the scientific research potential of enterprises and jointly carry out technological research, promotion and application. In addition, we aim to build a practical platform that bridges academic and application, thereby enhancing the level of education standards of universities.

# Environmental, Social and Governance Report

## 8.2 Supply Chain Management

The Company rigorously adheres to laws and regulations governing supply chain management, including local and international laws and regulations related to anti-bribery, anti-corruption and other unethical business practices. The Company has compiled and issued a series of policies and systems to impose a series of requirements on each department with the aim of continuously improving the management of the supply chain. These systems cover areas such as supplier/subcontractor selection criteria, procurement and supplier management system, supplier admission management, supplier performance evaluation and supplier adjustment management.

### – *Supplier Management Process*

- **Supplier access management:** The Company has established stringent screening criteria, prioritizing local suppliers to reduce the carbon footprint and incorporating suppliers' ESG performance into the evaluation process. We conduct qualification audits and information verification for suppliers, including but not limited to ISO9001 quality control system certification, CMA accreditation, CNAS laboratory accreditation. These measures ensure that the performance and credibility of potential suppliers meet the Company's requirements, thereby guaranteeing the transparency and compliance of the supply chain.
- **Supplier evaluation management:** The Company conducts regular assessments and audits of suppliers based on their delivery timeliness, product quality and service attitude. Annually, the technical staff organizes evaluations involving personnel responsible for acceptance and end-users from the previous year. We select the qualified suppliers with good reputation, stable product quality and excellent after-sales service. These suppliers are documented in a dedicated file, which is registered and archived by the quality system management department.
- **Supplier adjustment management:** For suppliers with serious quality issues, the enterprise comprehensive management department should suspend their supply qualification in time and require them to carry out rectification. Only those suppliers who are qualified for rectification can regain the qualification for supply. For suppliers with repeated quality issues, the enterprise comprehensive management department will remove them from the supplier pool and hold them accountable.

# Environmental, Social and Governance Report

## – *Supplier ESG Codes of Conduct*

To promote sustainable development, the Company actively advocates that its suppliers follow certain ESG codes of conduct, which are designed to guide suppliers to take positive measures in the areas of environmental protection, social responsibility and corporate governance, thereby jointly promoting high-quality sustainable development.

|                                |   |
|--------------------------------|---|
| Labor rights protection        | <ol style="list-style-type: none"><li>1) Forced labor and child labor of any kind are prohibited.</li><li>2) Provide employees with a workplace free from discrimination, harassment, violence, coercion, or other inhumane behaviors.</li><li>3) Respect employees' participation in labor union activities in accordance with local laws and regulations.</li></ol>   |
| Occupational health and safety | <ol style="list-style-type: none"><li>1) Create a safe and healthy work environment for employees, and prevent occupational diseases.</li><li>2) Identify and evaluate potential emergencies and develop contingency plans for such emergencies including but not limited to fire and natural disasters.</li></ol>  |
| Environmental protection       | <ol style="list-style-type: none"><li>1) Commitment to effective measures to reduce the consumption of resources (such as water, electricity, fuel) during the production process.</li><li>2) Obtain or possess environmental permits or other licences, take corresponding environmental protection measures, and follow disclosure requirements.</li><li>3) Follow the principles of reduction, recycling and recovery, encourage the proper handling of recyclable materials and reduce the waste of resources through recovery, reuse or safe disposal.</li></ol> |

# Environmental, Social and Governance Report

Compliance operation

- 1) Strictly comply with local laws and regulations and conduct legal business activities.
- 2) Reject any form of commercial fraud, bribery or unfair competition and corrupt practices, and ensure the legitimacy and transparency of business activities.

## Highlights

As of the end of the reporting period, the Company had a total of 205 suppliers, including 171 suppliers within the province and 34 outside the province. We conducted evaluations on 4 instrument and equipment purchasers and 2 instrument and equipment verification and calibration service providers, with a qualification rate of 100%.

Adhering to the philosophy of sustainable value chain management, the Company empowers suppliers to promote in areas such as product quality, safety management, and corporate social responsibility. Simultaneously, we are constantly improving our monitoring procedures to safeguard at every stage of the supply chain.

During the reporting period, there were no significant environmental and social risks for our management decision on supply chain management.

## 9 COMMUNITY DEVELOPMENT

### 9.1 Promotion of Community Development

The Company adheres to the development philosophy of “building and sharing together”, consistently striving to establish a harmonious and coexisting relationship with the communities in which we operate. During our business activities, we steadfastly incorporate community interests into our decision-making processes. By deeply understanding the needs of the community, we actively seek opportunities for mutual development. The Company allocates resources to support community development, focusing on various areas such as cultural education, public health, labor and vocational skills, environmental protection, social emergency response, and public welfare platforms. We firmly believe that strong community relations are a crucial factor for the long-term development of the enterprise. Going forward, we will invest more resources in community education and cultural development.

# Environmental, Social and Governance Report

## Highlights

During the reporting period, the total amount we had donated to a local charity fund was RMB8.52 thousand. Besides, we have organized various recreational activities such as competition of basketball and jigsaw puzzle for our employees during the current year.



## 9.2 Support for Staff Volunteer Activities

Syntrust GK adheres to the philosophy of “strategic synergy”, recognizing the value of staff volunteer services as a vital means to reflect the Company’s mission, strengthen team cohesion, and fulfill social responsibilities. Guided by the principles of fairness, impartiality, and transparency, we ensure that the values of staff volunteer services are closely aligned with the enterprise’s development goals. By establishing a robust volunteer service management system, we effectively integrate internal and external resources, providing staff with a professional platform for volunteer services. This enhances community service levels, precisely addresses social needs, and promotes social harmony, while continuously elevating the credibility and brand influence of the Company.

# Environmental, Social and Governance Report

## 10 APPENDIX

### 10.1 ESG Key Performance Data

#### 10.1.1 List of Environmental KPIs

| Environmental KPIs <sup>1</sup>                                |                                    | 2025         | 2024       | Unit  |
|--|------------------------------------|--------------|------------|---|
| KPI A1.1<br>Emissions  | Sulphur dioxide (SO <sub>x</sub> ) | 0.39         | 0.22       | kg  |
|  | Nitrogen oxides (NO <sub>x</sub> ) | 88.53        | 11.22      | kg  |
|  | Particulate matter (PM)            | 8.24         | 0.83       | kg  |
| KPI A1.2<br>GHG emissions <sup>2</sup>                         | Scope 1 Direct emissions           | 57.96        | 34.33      | tonnes CO <sub>2</sub> equivalent <sup>2</sup>        |
|  | Scope 2 Indirect emissions         | 381.75       | 42.45      | tonnes CO <sub>2</sub> equivalent <sup>2</sup>        |
|  | Total                              | 439.71       | 76.78      | tonnes CO <sub>2</sub> equivalent <sup>2</sup>        |
|  | Intensity                          | 0.005        | 0.005      | tonnes CO <sub>2</sub> equivalent/<br>Revenue RMB'000 |
| KPI A1.3 & KPI A1.4<br>Hazardous waste and non-hazardous waste | Hazardous waste                    | 4,895.48     | 1,439.75   | kg  |
|  | Non-hazardous waste                | 13,113.64    | 9,473.85   | kg  |
|  | Total                              | 18,009.12    | 10,913.60  | kg  |
|  | Intensity                          | 0.22         | 0.67       | kg/Revenue RMB'000                                    |
| KPI A2.1<br>Energy consumption                                 | Unleaded petrol                    | 167,573.99   | 105,105.02 | kWh   |
|  | Diesel                             | 85,995.96    | 28,739.86  | kWh   |
|  | Purchased electricity              | 882,453.06   | 79,100.45  | kWh   |
|  | Total                              | 1,138,023.01 | 212,945.33 | kWh   |
|  | Intensity                          | 13.99        | 13.07      | kWh/Revenue RMB'000                                   |
| KPI A2.2<br>Water consumption                                  | Total water consumption            | 9,405.46     | 313.52     | m <sup>3</sup>  |
|  | Intensity                          | 0.12         | 0.02       | m <sup>3</sup> /Revenue RMB'000                       |

#### Notes:

1. The calculation of environmental KPIs is made reference to "A Corporate Accounting and Reporting Standard" from The GHG Protocol and the "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.
2. Our measurement approach to measure greenhouse gas emissions is by operational control due to the ability to take full ownership of all greenhouse gas emissions we can directly influence and reduce.
3. Increase in various environmental KPIs during the reporting period was mainly due to 1) expansion of reporting scope after acquisition and incorporation of new subsidiaries and 2) relocation to our new office building with more working areas.

# Environmental, Social and Governance Report

## 10.1.2 List of Social KPIs

| Social KPIs  |                               | 2025 | 2024   | Unit   |
|--|-------------------------------|------|--------|--------|
| KPI B1.1<br>Total number of employees <sup>4</sup> | <b>By gender</b>              |      |        |        |
|  | Male                          | 142  | 76     | person |
|  | Female                        | 73   | 38     | person |
|  | <b>By employment type</b>     |      |        |        |
|  | Full – time                   | 215  | 114    | person |
|  | Part – time                   | Nil  | Nil    | person |
|  | <b>By age</b>                 |      |        |        |
|  | Over 50                       | 29   | 3      | person |
|  | 30-49                         | 135  | 86     | person |
|  | 29 and below                  | 51   | 25     | person |
|  | <b>By geographical region</b> |      |        |        |
| PRC  | 215                           | 114  | person |        |
| KPI B1.2<br>Employee turnover rate <sup>4</sup>    | <b>By gender</b>              |      |        |        |
|  | Male                          | 5.63 | 1.32   | %      |
|  | Female                        | 5.48 | Nil    | %      |
|  | <b>By age</b>                 |      |        |        |
|  | Over 50                       | 6.90 | 33.33  | %      |
|  | 30-49                         | 3.70 | Nil    | %      |
|  | 29 and below                  | 9.80 | Nil    | %      |
|  | <b>By geographical region</b> |      |        |        |
| PRC  | 5.58                          | 0.88 | %      |        |

# Environmental, Social and Governance Report

| Social KPIs   |   | 2025  | 2024  | Unit    |
|---|---|-------|-------|---------|
| KPI B2.1<br>The number and rate of work related fatalities <sup>5</sup> | Number of work related fatalities                                     | Nil   | Nil   | person  |
|   | Rate of work related fatalities                                       | Nil   | Nil   | %       |
| KPI B2.2<br>Working days lost due to work related injuries <sup>5</sup> | Working days lost due to work related injuries                        | 95    | Nil   | days    |
| KPI B3.1<br>Percentage of employees who received training               | <b>By gender</b>  |       |       |         |
|   | Male  | 100   | 92.11 | %       |
|   | Female  | 100   | 100   | %       |
|   | <b>By employee category</b>   |       |       |         |
|   | Management level  | 100   | 100   | %       |
| General   | 100   | 93.48 | %     |         |
| KPI B3.2<br>Average number of hours of training completed <sup>7</sup>  | <b>By gender</b>  |       |       |         |
|   | Male  | 34.79 | 55.26 | hour    |
|   | Female  | 37.67 | 60.00 | hour    |
|   | <b>By employee category</b>   |       |       |         |
|   | Management level  | 10.00 | 60.00 | hour    |
| General   | 40.00   | 56.09 | hour  |         |
| KPI B5.1<br>Number of suppliers <sup>4</sup>                            | Within the province   | 171   | 85    | number  |
|   | Outside the province  | 34    | 26    | number  |
|   | Total   | 205   | 111   | number  |
| KPI B8.2<br>Community Investment  | The amount of community/charity investment                            | 8.52  | 5.78  | RMB'000 |
|   | Number of employees participating in social public welfare activities | Nil   | 103   | person  |
|   | Duration of community public welfare activities                       | Nil   | 10    | hour    |

4. Increase in those KPIs during the reporting period was mainly due to expansion of reporting scope after acquisition and incorporation of new subsidiaries.
5. During the past three years (including the reporting period), the Group did not record any work-related fatality of employees.
6. Such incident was handled strictly according to related local labour laws and regulations and was settled after compensation during the reporting period.
7. Such KPIs of 2024 are restated for comparative purpose.

# Environmental, Social and Governance Report

## 10.2 Index to the ESG Reporting Code

| Topics                      | Requirements   | Disclosure Sections  |  |
|-----------------------------|--|--|--|
| <b>A. Environmental</b>     |  |  |  |
| <b>Aspect A1: Emissions</b> | General Disclosure<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | 5 Environmental Protection   |  |
|                             | KPI A1.1   | The types of emissions and respective emissions data.  | 10.1.1 List of Environmental KPIs      |
|                             | KPI A1.2   | Direct (scope 1) and energy indirect (scope 2) GHG emission in total and, where appropriate, intensity.  | 10.1.1 List of Environmental KPIs      |
|                             | KPI A1.3   | Total hazardous waste produced and, where appropriate, intensity.  | 10.1.1 List of Environmental KPIs      |
|                             | KPI A1.4   | Total non-hazardous waste produced and, where appropriate, intensity.  | 10.1.1 List of Environmental KPIs      |
|                             | KPI A1.5   | Description of emission targets set and steps taken to achieve them.   | 5.2 Emissions and 5.3 Waste Management |
|                             | KPI A1.6   | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction targets set and steps taken to achieve them. | 5.3 Waste Management                   |

# Environmental, Social and Governance Report

| Topics                                     | Requirements   | Disclosure Sections                                    |
|--|--|--|
| <b>Aspect A2:<br/>Use of<br/>Resources</b> | General Disclosure<br><br>Policies on the efficient use of resources, including energy, water and other raw materials.   | 5.1 Energy Reduction                                   |
|  | KPI A2.1 Direct and indirect energy consumption by type in total and intensity.  | 10.1.1 List of Environmental KPIs                      |
|  | KPI A2.2 Water consumption in total and intensity.   | 10.1.1 List of Environmental KPIs                      |
|  | KPI A2.3 Description of energy use efficiency and a description of targets set and steps taken to achieve them.  | 5.1 Energy Reduction and 5.4 Water Resource Management |
|  | KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency and a description of targets set and steps taken to achieve them. | 5.4 Water Resource Management                          |
|  | KPI A2.5 Total packaging material used for finished products and, if applicable, with reference to per unit produced.  | N/A  |

# Environmental, Social and Governance Report

| Topics  | Requirements  | Disclosure Sections        |
|---|---|----------------------------|
| <b>Aspect A3:<br/>The<br/>Environmental<br/>and Natural<br/>Resources</b> | General Disclosure<br><br>Policies on minimising the issuer's significant impacts on the environment and natural resources.   | 5 Environmental Protection |
|   | KPI A3.1      Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.                     | 5.2 Emissions              |
| <b>Aspect A4:<br/>Climate Change</b>                                      | General Disclosure<br><br>Policies for identifying and responding to significant climate-related issues that have and may have an impact on the issuer.               | 5.2.1 Climate Change       |
|   | KPI A4.1      Description of the significant climate-related issues which have impacted, and those which may impact the issuer, and the actions taken to manage them. | 5.2.1 Climate Change       |

# Environmental, Social and Governance Report

| Topics                                 | Requirements  | Disclosure Sections   |                            |
|--|---|---|----------------------------|
| <b>B. Social</b>                       |   |   |                            |
| <b>Employment and Labour Practices</b> |   |   |                            |
| <b>Aspect B1: Employment</b>           | General Disclosure<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | 6 Talent Cultivation,<br>6.1 Talent Attraction and Retention and<br>6.4 Remuneration and Benefits |                            |
|  | KPI B1.1  | Total workforce by gender, employment type, age group and geographical region.                    | 10.1.2 List of Social KPIs |
|  | KPI B1.2  | Employee turnover rate by gender, age group and geographical region.                              | 10.1.2 List of Social KPIs |

# Environmental, Social and Governance Report

| Topics                                     | Requirements  | Disclosure Sections   |                                    |
|--|---|---|------------------------------------|
| <b>Aspect B2: Health and safety</b>        | General Disclosure<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to providing a safe working environment and protecting employees from occupational hazards. | 6.3 Occupational Health and Safety  |                                    |
|  | KPI B2.1  | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | 10.1.2 List of Social KPIs         |
|  | KPI B2.2  | Lost days due to work injury.   | 10.1.2 List of Social KPIs         |
|  | KPI B2.3  | Description of occupational health and safety measures adopted, how they are implemented and monitored.           | 6.3 Occupational Health and Safety |
| <b>Aspect B3: Development and Training</b> | General Disclosure<br><br>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.   | 6.2 Training and Development  |                                    |
|  | KPI B3.1  | The percentage of employee trained by gender and employee category.   | 10.1.2 List of Social KPIs         |
|  | KPI B3.2  | The average training hours completed per employee by gender and employee category.                                | 10.1.2 List of Social KPIs         |

# Environmental, Social and Governance Report

| Topics                                    | Requirements   | Disclosure Sections   |                                     |
|---|--|---|-------------------------------------|
| <b>Aspect B4: Labour Standards</b>        | General Disclosure<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to preventing child and forced labour. | 6.1 Talent Attraction and Retention   |                                     |
|   | KPI B4.1   | Description of measures to review employment practices to avoid child and forced labour.  | 6.1 Talent Attraction and Retention |
|   | KPI B4.2   | Description of steps taken to eliminate such practices when discovered.   | 6.1 Talent Attraction and Retention |
| <b>Operating Practices</b>                |  |   |                                     |
| <b>Aspect B5: Supply Chain Management</b> | General Disclosure<br><br>Policies on managing environmental and social risks of the supply chain.   | 8.2 Supply Chain Management   |                                     |
|   | KPI B5.1   | Number of suppliers by region.  | 10.1.2 List of Social KPIs          |
|   | KPI B5.2   | Description of practices relating to engaging supplies, number of supplies where the practices are being implemented, how they are implemented and monitored. | 8.2 Supply Chain Management         |
|   | KPI B5.3   | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.                  | 8.2 Supply Chain Management         |
|   | KPI B5.4   | Description of practices used to promote environmentally preferable products and services when selecting suppliers, how they are implemented and monitored.   | 8.2 Supply Chain Management         |

# Environmental, Social and Governance Report

| Topics                                   | Requirements  | Disclosure Sections   |   |
|--|---|---|---|
| <b>Aspect B6: Product Responsibility</b> | General Disclosure<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | 7 Product Responsibility  |   |
|  | KPI B6.1  | Percentage of total products sold or shipped subject to recalls for safety and health reasons.        | N/A   |
|  | KPI B6.2  | Number of products and service related complaints received and how they are dealt with.               | 7.4 Customer Service  |
|  | KPI B6.3  | Description of practices relating to observing and protecting intellectual property rights.           | 7.1 Technological Innovation and Intellectual Property Rights |
|  | KPI B6.4  | Description of quality assurance process and recall procedures.                                       | 7.3 Service Quality and Safety                                |
|  | KPI B6.5  | Description of customer data protection and privacy policies, how they are implemented and monitored. | 7.2 Privacy and Information Security                          |

# Environmental, Social and Governance Report

| Topics                                     | Requirements   | Disclosure Sections   |  |
|--|--|---|--|
| <b>Aspect B7:<br/>Anti-corruption</b>      | General Disclosure<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to bribery, extortion, fraud and money laundering. | 3.4 Business Ethics Management  |  |
|  | KPI B7.1   | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the case. | 3.4 Business Ethics Management         |
|  | KPI B7.2   | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.  | 3.4 Business Ethics Management         |
|  | KPI B7.3   | Description of anti-corruption training provided to directors and staff.  | 3.4 Business Ethics Management         |
| <b>Aspect B8:<br/>Community Investment</b> | General Disclosure<br><br>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.         | 9.1 Promotion of Community Development  |  |
|  | KPI B8.1   | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).   | 9.1 Promotion of Community Development |
|  | KPI B8.2   | Resources contributed (e.g. money or time) to the focus area.   | 10.1.2 List of Social KPIs             |

# Independent Auditor's Report



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## To the shareholders of Guangdong Syntrust Gk Testing And Certification Tech Service Center Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

### Opinion

We have audited the consolidated financial statements of Guangdong Syntrust Gk Testing And Certification Tech Service Center Co., Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 163 to 247, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for opinion

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

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

# Independent Auditor's Report

## Key audit matters (continued)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

| Key audit matter  | How our audit addressed the key audit matter   |
|---|--|
| <b>Provision for expected credit loss ("ECL") of trade receivables</b>  |  |
| <p>As at 31 December 2025, the gross carrying amount and loss allowance for trade receivables amounted to RMB89,811,000 and RMB12,971,000, respectively.</p>  | <p>We performed the following procedures in relation to the provision for ECL on trade receivables:</p>  |
| <p>Management performed assessment on provision for ECL on trade receivables, on individual and collective basis, based on the ECL rates. The ECL rates had taken into account of inputs, including customers' profile, credit risks, historical default rates, ageing profile of the receivables, existing market conditions as well as forward-looking factors.</p> | <ul style="list-style-type: none"> <li>- Obtained an understanding of management's credit policy, internal controls and assessment processes of estimating the provision for ECLs on trade receivables;</li> <li>- Evaluated the methodologies applied and the key assumptions, including the groupings of various customer categories and applied ECL rates;</li> </ul> |
| <p>We identified this area as a key audit matter because of the magnitude of the balance of trade receivables and the assessment of the ECLs on trade receivables involved significant judgements and estimates made by management.</p>   | <ul style="list-style-type: none"> <li>- Checked the underlying data used in the ECL assessment to supporting evidence;</li> <li>- Checked the mathematical accuracy of the calculation of the provision for ECL allowance; and</li> </ul>   |
| <p>The related disclosures of provision for ECL on trade receivables are included in notes 2.4, 3 and 18 to the consolidated financial statements.</p>  | <ul style="list-style-type: none"> <li>- Assessed the adequacy of the Group's disclosures of provision for ECLs on trade receivables in the consolidated financial statements.</li> </ul>  |

# Independent Auditor's Report

## **Other information included in the Annual Report**

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

## **Responsibilities of the directors for the consolidated financial statements**

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

# Independent Auditor's Report

## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

# Independent Auditor's Report

## **Auditor's responsibilities for the audit of the consolidated financial statements (continued)**

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Kee Wendy Wing Shi (practising certificate number: P07757).

*Ernst & Young*  
Certified Public Accountants  
Hong Kong  
26 March 2026

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

|  | <i>Notes</i> | <b>2025<br/>RMB'000</b> | 2024<br>RMB'000 |
|--|--------------|-------------------------|-----------------|
| REVENUE  | 5            | 81,361                  | 55,260          |
| Cost of services   |              | <u>(29,181)</u>         | <u>(20,153)</u> |
| Gross profit   |              | 52,180                  | 35,107          |
| Other income and gains   | 5            | 1,147                   | 5,828           |
| Administrative expenses  |              | (18,086)                | (17,262)        |
| Research and development costs   |              | (3,718)                 | (694)           |
| Impairment losses on financial assets at<br>amortised cost, net                |              | (1,103)                 | 551             |
| Other expenses   |              | (77)                    | (2)             |
| Finance costs  | 7            | <u>(1,553)</u>          | <u>(1,212)</u>  |
| PROFIT BEFORE TAX  | 6            | 28,790                  | 22,316          |
| Income tax expense   | 10           | <u>(6,490)</u>          | <u>(6,019)</u>  |
| PROFIT AND TOTAL COMPREHENSIVE<br>INCOME FOR THE YEAR                          |              | <u><b>22,300</b></u>    | <u>16,297</u>   |
| Attributable to:   |              |                         |                 |
| Owners of the parent   |              | 20,310                  | 16,297          |
| Non-controlling interests  |              | <u>1,990</u>            | <u>–</u>        |
|  |              | <u><b>22,300</b></u>    | <u>16,297</u>   |
| EARNINGS PER SHARE ATTRIBUTABLE TO<br>ORDINARY EQUITY HOLDERS OF<br>THE PARENT | 12           |                         |                 |
| Basic and diluted  |              | <u><b>RMB0.60</b></u>   | <u>RMB0.61</u>  |

# Consolidated Statement of Financial Position

31 December 2025

|  | <i>Notes</i> | <b>2025</b><br><b>RMB'000</b> | 2024<br>RMB'000 |
|--|--------------|-------------------------------|-----------------|
| <b>NON-CURRENT ASSETS</b>                    |              |                               |                 |
| Property, plant and equipment                | <i>13</i>    | <b>40,391</b>                 | 24,381          |
| Right-of-use assets                          | <i>14</i>    | <b>45,292</b>                 | 38,661          |
| Goodwill                                     | <i>15</i>    | <b>2,902</b>                  | –               |
| Other intangible assets                      | <i>16</i>    | <b>2,666</b>                  | 502             |
| Deferred tax assets                          | <i>23</i>    | <b>1,940</b>                  | 2,299           |
| Prepayments and other receivables            | <i>19</i>    | <b>6,185</b>                  | 1,680           |
|  |              | <b>99,376</b>                 | 67,523          |
| <b>TOTAL non-current assets</b>              |              |                               |                 |
| <b>CURRENT ASSETS</b>                        |              |                               |                 |
| Inventories                                  | <i>17</i>    | <b>4,208</b>                  | 2,983           |
| Trade receivables                            | <i>18</i>    | <b>76,840</b>                 | 48,637          |
| Prepayments and other receivables            | <i>19</i>    | <b>3,114</b>                  | 6,046           |
| Time deposits                                | <i>20</i>    | –                             | 10,000          |
| Cash and cash equivalents                    | <i>20</i>    | <b>101,691</b>                | 99,856          |
|  |              | <b>185,853</b>                | 167,522         |
| <b>TOTAL current assets</b>                  |              |                               |                 |
| <b>CURRENT LIABILITIES</b>                   |              |                               |                 |
| Trade payables                               | <i>21</i>    | <b>8,433</b>                  | 4,831           |
| Other payables and accruals                  | <i>22</i>    | <b>20,658</b>                 | 10,330          |
| Lease liabilities                            | <i>14</i>    | <b>2,445</b>                  | 1,219           |
| Tax payable                                  |              | <b>3,587</b>                  | 1,534           |
|  |              | <b>35,123</b>                 | 17,914          |
| <b>TOTAL current liabilities</b>             |              |                               |                 |
| <b>NET CURRENT ASSETS</b>                    |              |                               |                 |
|  |              | <b>150,730</b>                | 149,608         |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |              |                               |                 |
|  |              | <b>250,106</b>                | 217,131         |
| <b>NON-CURRENT LIABILITIES</b>               |              |                               |                 |
| Lease liabilities                            | <i>14</i>    | <b>43,713</b>                 | 38,342          |
|  |              | <b>43,713</b>                 | 38,342          |
| <b>TOTAL non-current liabilities</b>         |              |                               |                 |
|  |              | <b>43,713</b>                 | 38,342          |
| <b>Net assets</b>                            |              |                               |                 |
|  |              | <b>206,393</b>                | 178,789         |

# Consolidated Statement of Financial Position

31 December 2025

|  | <i>Notes</i> | <b>2025</b><br><b>RMB'000</b> | 2024<br>RMB'000 |
|--|--------------|-------------------------------|-----------------|
| <b>EQUITY</b>                                      |              |                               |                 |
| <b>Equity attributable to owners of the parent</b> |              |                               |                 |
| Share capital                                      | <i>24</i>    | <b>33,929</b>                 | 33,929          |
| Reserves   | <i>25</i>    | <b>160,081</b>                | 144,860         |
|  |              | <b>194,010</b>                | 178,789         |
| Non-controlling interests                          |              | <b>12,383</b>                 | –               |
| Total equity                                       |              | <b>206,393</b>                | 178,789         |

**Lai Feng**  
*Director*

**Mai Jiayu**  
*Director*

# Consolidated Statement of Change in Equity

31 December 2025

|  | Share<br>capital<br>RMB'000<br>(note 24) | Share<br>premium<br>RMB'000 | Statutory<br>reserves<br>RMB'000 | Retained<br>profits<br>RMB'000 | Total<br>RMB'000 | Non-<br>controlling<br>interests<br>RMB'000 | Total<br>equity<br>RMB'000 |
|--|--|-----------------------------|----------------------------------|--------------------------------|------------------|---|----------------------------|
| At 1 January 2024  | 23,750                                   | 57,322                      | 1,182                            | 20,331                         | 102,585          | -   | 102,585                    |
| Profit and total comprehensive<br>income for the year      | -  | -                           | -                                | 16,297                         | 16,297           | -   | 16,297                     |
| Issue of shares (note 24)                                  | 10,179                                   | 77,672                      | -                                | -                              | 87,851           | -   | 87,851                     |
| Share issue expenses                                       | -  | (27,944)                    | -                                | -                              | (27,944)         | -   | (27,944)                   |
| Appropriation to statutory<br>reserves                     | -  | -                           | 1,630                            | (1,630)                        | -                | -   | -                          |
| At 31 December 2024 and<br>1 January 2025                  | <b>33,929</b>                            | <b>107,050*</b>             | <b>2,812*</b>                    | <b>34,998*</b>                 | <b>178,789</b>   | -   | <b>178,789</b>             |
| Profit and total comprehensive<br>income for the year      | -  | -                           | -                                | 20,310                         | 20,310           | 1,990                                       | 22,300                     |
| Final 2024 dividend (note 11)                              | -  | -                           | -                                | (5,089)                        | (5,089)          | -   | (5,089)                    |
| Dividends paid to<br>a non-controlling shareholder         | -  | -                           | -                                | -                              | -                | (490)                                       | (490)                      |
| Acquisition of subsidiaries<br>(note 26)                   | -  | -                           | -                                | -                              | -                | 6,963                                       | 6,963                      |
| Capital contribution from<br>a non-controlling shareholder | -  | -                           | -                                | -                              | -                | 3,920                                       | 3,920                      |
| Appropriation to statutory<br>reserves                     | -  | -                           | 1,961                            | (1,961)                        | -                | -   | -                          |
| At 31 December 2025  | <b>33,929</b>                            | <b>107,050*</b>             | <b>4,773*</b>                    | <b>48,258*</b>                 | <b>194,010</b>   | <b>12,383</b>                               | <b>206,393</b>             |

\* These reserve accounts comprise the reserves of RMB160,081,000 (2024: RMB144,860,000) in the consolidated statement of financial position.

*Note:*

In accordance with the PRC Company Law, the Company and its subsidiaries are required to appropriate 10% of its profits after tax, as determined in accordance with relevant accounting principles generally accepted in the PRC and other applicable regulations, to the statutory reserves until such reserves reach 50% of their registered capital. The appropriation to the reserves must be made before any distribution of dividends to equity holders of the companies. The statutory reserves can be used to offset losses carried forward from previous years, if any, and part of the statutory reserves can be capitalised as the company's capital provided that the amount of the remaining balance of reserves after the capitalisation shall not be less than 25% of its registered capital before capitalization.

# Consolidated Statement of Cash Flows

31 December 2025

|  | <i>Notes</i> | <b>2025</b><br><b>RMB'000</b> | 2024<br>RMB'000 |
|--|--------------|-------------------------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                        |              |                               |                 |
| <b>Profit before tax</b>   |              | <b>28,790</b>                 | 22,316          |
| Adjustments for:   |              |                               |                 |
| Finance costs  | 7            | 1,553                         | 1,212           |
| Provision/(reversal) for expected credit loss of trade receivables | 6            | 1,103                         | (550)           |
| Reversal for expected credit loss of other receivables             | 6            | –                             | (1)             |
| Loss on disposal of items of property, plant and equipment         | 6            | 25                            | –               |
| Gain on termination of lease                                       |              | –                             | (148)           |
| Depreciation property, plant and equipment                         | 6            | 5,450                         | 3,057           |
| Depreciation of right of use asset                                 | 6            | 2,303                         | 1,617           |
| Amortisation of other intangible assets                            | 6            | 190                           | 51              |
| Foreign exchange differences                                       |              | (30)                          | (2,157)         |
| Interest income  | 5            | (563)                         | (405)           |
|  |              | <b>38,821</b>                 | 24,992          |
| Increase in inventories  |              | (676)                         | (1,358)         |
| Increase in trade receivables                                      |              | (24,223)                      | (18,762)        |
| Decrease/(increase) in prepayments and other receivables           |              | 3,006                         | (4,713)         |
| Increase in trade payables   |              | 509                           | 4,219           |
| Increase in other payables and accruals                            |              | 8,100                         | 2,448           |
|  |              | <b>25,537</b>                 | 6,826           |
| Cash generated from operations                                     |              | 25,537                        | 6,826           |
| Interest received  |              | 563                           | 394             |
| Income tax paid  |              | (4,373)                       | (7,011)         |
|  |              | <b>21,727</b>                 | 209             |
| Net cash flows from operating activities                           |              | <b>21,727</b>                 | 209             |

# Consolidated Statement of Cash Flows

31 December 2025

|  | <i>Notes</i> | <b>2025</b><br><b>RMB'000</b> | 2024<br>RMB'000 |
|--|--------------|-------------------------------|-----------------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |              |                               |                 |
| Purchases of items of property, plant and equipment      |              | <b>(21,671)</b>               | (18,689)        |
| Purchases of items of intangible assets                  |              | <b>(2,354)</b>                | (441)           |
| Withdrawal/(placement) of time deposits                  |              | <b>10,000</b>                 | (10,000)        |
| Acquisition of a subsidiary                              | 26           | <b>(1,181)</b>                | –               |
| Net cash flows used in investing activities              |              | <b>(15,206)</b>               | (29,130)        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |              |                               |                 |
| Capital contribution from non-controlling shareholder    |              | <b>3,920</b>                  | –               |
| Proceeds from issuance of ordinary shares                | 24           | –                             | 87,851          |
| Principal portion of lease payments                      | 14(b)        | <b>(1,504)</b>                | (518)           |
| Interest element on lease payments                       | 14(b)        | <b>(1,553)</b>                | (1,212)         |
| Repayment of lease deposits                              |              | –                             | (742)           |
| Dividends paid to owners of the Company                  |              | <b>(5,089)</b>                | –               |
| Dividends paid to non-controlling shareholder            |              | <b>(490)</b>                  | –               |
| Payments of listing expenses deducted against equity     |              | –                             | (17,904)        |
| Net cash flows (used in)/from financing activities       |              | <b>(4,716)</b>                | 67,475          |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>         |              |                               |                 |
|  |              | <b>1,805</b>                  | 38,554          |
| Cash and cash equivalents at beginning of year           |              | <b>99,856</b>                 | 59,145          |
| Effect of foreign exchange rate changes, net             |              | <b>30</b>                     | 2,157           |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>          |              |                               |                 |
|  |              | <b>101,691</b>                | 99,856          |
| <b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b> |              |                               |                 |
| Cash and bank balances                                   |              | <b>101,691</b>                | 99,856          |

# Notes to the Consolidated Financial Statements

31 December 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 the provision of construction engineering testing and inspection services, including foundation testing service, infrastructure and public roads testing service, food and agricultural testing services, motor vehicles testing services, and hydraulic engineering testing services in the People’s Republic of China (“**PRC**”). The Company’s immediate holding shareholder 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.

### Information about subsidiaries

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

| Name   | Place of incorporation and business | Registered/paid up capital     | Percentage of equity attributable to the Company |          | Legal form                | Principal activities  |
|--|-------------------------------------|--------------------------------|--|----------|---------------------------|---|
|  |                                     |                                | Direct   | Indirect |                           |   |
| Syntrust GK Safety Evaluation and Fire Protection (Maoming) Co., Ltd.* (“ <b>SEFP Maoming</b> ”) | Chinese mainland                    | RMB8,000,000/<br>RMB1,000,000  | 100  | -        | Limited liability company | Fire protection technical services and safety assessment services |
| Syntrust GK Food Safety Testing (Maoming) Co., Ltd.*(Food Testing Maoming)                       | Chinese mainland                    | RMB10,000,000/<br>RMB1,000,000 | 100  | -        | Limited liability company | Testing services for food   |
| Xinyi Rongli Motor Vehicle Testing Co., Ltd. (“ <b>Rongli</b> ”)                                 | Chinese mainland                    | RMB520,000/<br>RMB520,000      | 100  | -        | Limited liability company | Testing services for car  |

# Notes to the Consolidated Financial Statements

31 December 2025

## 1. CORPORATE INFORMATION (Continued)

### Information about subsidiaries (Continued)

| Name   | Place of incorporation and business | Registered/paid up capital     | Percentage of equity attributable to the Company |          | Legal form                | Principal activities  |
|--|-------------------------------------|--------------------------------|--|----------|---------------------------|---|
|  |                                     |                                | Direct   | Indirect |                           |   |
| Foshan Gaoming District Mingxin Comprehensive Testing Co., Ltd. ("Mingxin") *        | Chinese mainland                    | RMB10,000,000/<br>RMB8,000,000 | 51   | -        | Limited liability company | Testing services for foundation, building structure, construction materials, infrastructure and public roads, |
| Maoming Yueshui Engineering Testing and Inspection Co., Ltd. ("Yueshui")             | Chinese mainland                    | RMB61,224/<br>RMB61,224        | 51   | -        | Limited liability company | Quality inspection for water conservancy projects   |
| Syntrust GK Traffic Inspection and Certification (Maoming) Co., Ltd. ("TIC Maoming") | Chinese mainland                    | RMB5,000,000/<br>RMB2,550,000  | 51   | -        | Limited liability company | Highway and water transport engineering testing services  |

During this year, the Group acquired control over Yueshui and the Rongli. Further details are included in note 26 to the financial statements.

\* Established during the year ended 31 December 2025.

# Notes to the Consolidated Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.1 BASIS OF PREPARATION (Continued)

### Basis of consolidation (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

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

<sup>3</sup> No mandatory effective date yet determined but available for adoption

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (Continued)

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

Except for the impact of HKFRS 18, management considers that the adoption of the above mentioned new and amended HKFRS Accounting Standards are not expected to have a material impact on the Group in future reporting periods when they become effective.

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES

### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Business combinations and goodwill (Continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

### Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Fair value measurement (Continued)

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly;
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Related parties

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

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Property, plant and equipment and depreciation

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

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

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

|                        |            |
|------------------------|------------|
| Machinery equipment    | 10% to 32% |
| Buildings              | 2% to 5%   |
| Leasehold improvements | 10% to 20% |
| Office equipment       | 19% to 32% |
| Vehicles               | 19%        |

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

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### **Intangible assets (other than goodwill)**

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

### ***Research and development costs***

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

### ***Software***

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 2 to 10 years.

### **Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Leases (Continued)

#### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### *(a) Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

|                   |          |
|-------------------|----------|
| Land use rights   | 30 years |
| Leased properties | 20 years |

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Leases (Continued)

#### *Group as a lessee (Continued)*

##### *(b) Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

##### *(c) Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Investments and other financial assets

#### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

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

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Investments and other financial assets (Continued)

#### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

#### *Financial assets at amortised cost (debt instruments)*

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

#### **Derecognition of financial assets**

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

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

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

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Impairment of financial assets

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

#### *General approach*

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Impairment of financial assets (Continued)

#### *General approach (Continued)*

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

#### *Simplified approach*

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

### Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Financial liabilities (Continued)

#### *Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

#### *Financial liabilities at amortised cost (trade and other payables)*

After initial recognition, trade and other payables are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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

#### **Derecognition of financial liabilities**

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

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

#### **Offsetting of financial instruments**

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

The costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) The costs are expected to be recovered.

The capitalised contract costs are charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which asset relates.

An impairment loss is recognised in profit or loss to the extent that the carrying amount of contract fulfilment costs exceeds:

- (a) the remaining amount of consideration expected to receive in exchange for the goods or services to which the contract cost relates; less
- (b) The cost that relate directly to providing those goods or services and that have not been recognised as expenses.

### Cash and cash equivalents

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

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Provisions

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

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

### Income tax

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

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

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

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

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Income tax (Continued)

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

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

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

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

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Government grants

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

### Revenue recognition

#### *Revenue from contracts with customers*

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

#### *(a) Testing services and other services*

The Group performs testing services for foundation, building structure, construction materials, infrastructure and public roads, food and agricultural products, and vehicles. The Group also provides other specialised technical services to the customers. The performance obligation is satisfied upon completion of the promised services.

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Revenue recognition (Continued)

#### *Revenue from contracts with customers (Continued)*

##### *(b) Inspection services*

The Group provides inspection services for slope and foundation pit. Such services are satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue is recognised for these services based on the stage of completion of the contract using output method.

#### *Other income*

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

#### **Contract liabilities**

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Employee benefits

#### *Pension scheme*

As stipulated by the rules and regulations of the Chinese mainland, the Company and its subsidiaries registered in the Chinese mainland are required to contribute to a state-sponsored retirement plan for all its employees at certain percentages of the basic salaries predetermined by the local governments. The state-sponsored retirement plan is responsible for the entire retirement benefit obligations payable to retired employees and the Group has no further obligations for the actual retirement benefit payments or other post-retirement benefits beyond the annual contributions.

The costs of employee retirement benefits are recognised as expenses in profit or loss and in the period in which they are incurred.

#### Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

#### Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

# Notes to the Consolidated Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Foreign currency transactions recorded by the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Groups financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

### Judgements

#### *Deferred tax assets*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

#### **Estimation uncertainty**

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

#### *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2025 was RMB2,902,000 (2024: Nil). Further details are given in note 15.

# Notes to the Consolidated Financial Statements

31 December 2025

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

### Estimation uncertainty (Continued)

#### *Provision for expected credit losses of trade receivables*

The loss allowances for financial assets are based on assumptions about expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical observed default, customers' profile, credit risks, ageing profile of the receivables, existing market conditions as well as forward-looking estimates at the end of each reporting period.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 18 to the financial statements.

#### *Leases – Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“**IBR**”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available.

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 4. OPERATING SEGMENT INFORMATION (Continued)

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

### Information about a major customer

No customer contributed more than 10% of revenue derived from rendering services for the year ended 31 December 2025.

Revenue of approximately RMB12,817,000 was derived from rendering services to a single customer, representing 23.2% of the revenue for the year ended 31 December 2024.

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

|  | 2025<br>RMB'000 | 2024<br>RMB'000 |
|--|-----------------|-----------------|
| Revenue from contracts with customers: | <u>81,361</u>   | <u>55,260</u>   |

# Notes to the Consolidated Financial Statements

31 December 2025

## 5. REVENUE, OTHER INCOME AND GAINS (Continued)

### Revenue from contracts with customers

#### (a) Disaggregated revenue information

For the year ended 31 December 2025

|   | RMB'000       |
|---|---------------|
| <b>Types of services</b>                |               |
| Testing services                        | 76,694        |
| Inspection services                     | 3,888         |
| Others                                  | 779           |
|   | <u>81,361</u> |
| Total                                   | <u>81,361</u> |
| <b>Geographical market</b>              |               |
| Chinese mainland                        | <u>81,361</u> |
| <b>Timing of revenue recognition</b>    |               |
| Services transferred at a point in time | 77,473        |
| Services transferred over time          | 3,888         |
|   | <u>81,361</u> |
| Total                                   | <u>81,361</u> |

# Notes to the Consolidated Financial Statements

31 December 2025

## 5. REVENUE, OTHER INCOME AND GAINS (Continued)

### Revenue from contracts with customers (Continued)

#### (a) Disaggregated revenue information (Continued)

For the year ended 31 December 2024

|   | RMB'000              |
|---|----------------------|
| <b>Types of services</b>                |                      |
| Testing services                        | 49,589               |
| Inspection services                     | <u>5,671</u>         |
| Total                                   | <u><u>55,260</u></u> |
| <b>Geographical market</b>              |                      |
| Chinese mainland                        | <u><u>55,260</u></u> |
| <b>Timing of revenue recognition</b>    |                      |
| Services transferred at a point in time | 49,589               |
| Services transferred over time          | <u>5,671</u>         |
| Total                                   | <u><u>55,260</u></u> |

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

|  | 2025<br>RMB'000   | 2024<br>RMB'000     |
|--|-------------------|---------------------|
| Revenue recognised that was included in contract liabilities at the beginning of the reporting period: |                   |                     |
| Testing services   | <u><u>463</u></u> | <u><u>1,394</u></u> |

# Notes to the Consolidated Financial Statements

31 December 2025

## 5. REVENUE, OTHER INCOME AND GAINS (Continued)

### Revenue from contracts with customers (Continued)

#### (b) *Performance obligations*

Information about the Group's performance obligations is summarised below:

##### *Testing services and other services*

The performance obligation is satisfied upon completion of the promised services and payment is generally due within 90 to 180 days from completion, except for certain major customers with longer credit terms.

##### *Inspection services*

Revenue is recognised for inspection services based on the stage of completion of the contract using output method and payment is generally due within 90 to 180 days from completion, except for certain major customers with longer credit terms.

At 31 December 2025 and 31 December 2024, the unsatisfied performance obligations were part of the contracts that had an original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied performance obligations is not disclosed.

# Notes to the Consolidated Financial Statements

31 December 2025

## 5. REVENUE, OTHER INCOME AND GAINS (Continued)

### Revenue from contracts with customers (Continued)

#### (b) Performance obligations (Continued)

##### Inspection services (Continued)

An analysis of other income and gains, net, are as follows:

|                                      | 2025<br>RMB'000     | 2024<br>RMB'000     |
|--------------------------------------|---------------------|---------------------|
| <b>Other income</b>                  |                     |                     |
| Government subsidies ( <i>note</i> ) | 209                 | 3,031               |
| Bank interest income                 | 562                 | 395                 |
| Other interest income                | 1                   | 10                  |
| Others                               | 345                 | 233                 |
|                                      | <u>1,117</u>        | <u>3,669</u>        |
| <b>Gains</b>                         |                     |                     |
| Foreign exchange differences, net    | 30                  | 2,011               |
| Gain on termination of lease         | —                   | 148                 |
|                                      | <u>30</u>           | <u>2,159</u>        |
|                                      | <u><u>1,147</u></u> | <u><u>5,828</u></u> |

*Note:* There are no unfulfilled conditions or contingencies relating to the subsidies.

# Notes to the Consolidated Financial Statements

31 December 2025

## 6. PROFIT BEFORE TAX

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

|   | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|-----------------|-----------------|
| Costs of services provided  | 29,181          | 20,153          |
| Depreciation property, plant and equipment  | 5,450           | 3,057           |
| Depreciation of right of use assets   | 1,509           | 1,617           |
| Amortisation of other intangible assets   | 190             | 51              |
| Auditor's remuneration  | 1,509           | 736             |
| Listing fees  | –               | 2,723           |
| Employee benefit expense (excluding directors' remuneration):   |                 |                 |
| Wages and salaries  | 12,966          | 10,402          |
| Performance related bonuses   | 751             | 2,190           |
| Pension scheme contributions (defined contribution plans, housing funds, medical insurances and other social insurances)* | 4,751           | 3,617           |
| Other employee benefits   | 992             | 374             |
| <b>Total</b>  | <b>19,460</b>   | <b>16,583</b>   |
| Impairment/(reversal) of trade receivables  | 1,103           | (550)           |
| Impairment of financial assets included in prepayments and other receivables  | –               | (1)             |
|   | <b>1,103</b>    | <b>(551)</b>    |
| Loss on disposal of items of property, plant and equipment  | 25              | –               |

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

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

|                               | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-------------------------------|-----------------|-----------------|
| Interest on lease liabilities | 1,553           | 1,212           |

# Notes to the Consolidated Financial Statements

31 December 2025

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

|   | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|-----------------|-----------------|
| Fees  | 900             | 348             |
| Other emoluments:   |                 |                 |
| Wages and salaries  | 1,534           | 1,218           |
| Performance related bonuses   | –               | 679             |
| Pension costs – defined contribution plans, housing funds, medical insurances and other social insurances | 421             | 477             |
| Other employee benefits   | 52              | 62              |
|   | <b>2,907</b>    | <b>2,784</b>    |

### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

|                | 2025<br>RMB'000 | 2024<br>RMB'000 |
|----------------|-----------------|-----------------|
| Ms. Liu Hongge | 300             | 116             |
| Ms. Deng Dian  | 300             | 116             |
| Mr. Luo Qiling | 300             | 116             |
|                | <b>900</b>      | <b>348</b>      |

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

# Notes to the Consolidated Financial Statements

31 December 2025

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

### (b) Executive directors, non-executive directors and the chief executive

|                                   | Fees<br>RMB'000 | Salaries<br>RMB'000 | Performance<br>related<br>bonuses<br>RMB'000 | Pension costs<br>- defined<br>contribution<br>plans, housing<br>funds, medical<br>insurances and<br>other social<br>insurances<br>RMB'000 | Other<br>employee<br>benefits<br>RMB'000 | Total<br>RMB'000 |
|-----------------------------------|-----------------|---------------------|--|---|--|------------------|
| <b>2025</b>                       |                 |                     |  |   |  |                  |
| Executive directors:              |                 |                     |  |   |  |                  |
| Mr. Lai Feng<br>(Chief executive) | -               | 412                 | -  | 74  | 13                                       | 499              |
| Ms. Mai Jiayu                     | -               | 257                 | -  | 66  | 9  | 332              |
| Mr. Huang Fei                     | -               | 253                 | -  | 66  | 9  | 328              |
| Mr. Zhang Xihua                   | -               | 251                 | -  | 65  | 9  | 325              |
| Subtotal                          | -               | 1,173               | -  | 271   | 40                                       | 1,484            |
| Non-executive directors:          |                 |                     |  |   |  |                  |
| Ms. Zou Chan                      | -               | 158                 | -  | 57  | 5  | 220              |
| Mr. Chen Guangfu(i)               | -               | -                   | -  | -   | -  | -                |
| Mr. Liu Juemao(ii)                | -               | -                   | -  | -   | -  | -                |
| Subtotal                          | -               | 158                 | -  | 57  | 5  | 220              |
| Supervisors:(iii)                 |                 |                     |  |   |  |                  |
| Mr. Wu Weiyuan                    | -               | 34                  | -  | 17  | 1  | 52               |
| Mr. Chen Shende                   | -               | 47                  | -  | 20  | 2  | 69               |
| Mr. Chen Haibin                   | -               | 41                  | -  | 17  | 1  | 59               |
| Mr. Zhou Kelin                    | -               | 38                  | -  | 17  | 1  | 57               |
| Ms. Zhang Zhihang                 | -               | 43                  | -  | 22  | 2  | 66               |
| Subtotal                          | -               | 203                 | -  | 93  | 7  | 303              |
|                                   | -               | 1,534               | -  | 421   | 52                                       | 2,007            |

# Notes to the Consolidated Financial Statements

31 December 2025

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

### (b) Executive directors, non-executive directors and the chief executive (continued)

|                                   | Fees<br>RMB'000 | Salaries<br>RMB'000 | Performance<br>related<br>bonuses<br>RMB'000 | Pension costs<br>- defined<br>contribution<br>plans, housing<br>funds, medical<br>insurances and<br>other social<br>insurances<br>RMB'000 | Other<br>employee<br>benefits<br>RMB'000 | Total<br>RMB'000 |
|-----------------------------------|-----------------|---------------------|--|---|--|------------------|
| 2024                              |                 |                     |  |   |  |                  |
| Executive directors:              |                 |                     |  |   |  |                  |
| Mr. Lai Feng<br>(Chief executive) | -               | 155                 | 187  | 73  | 10                                       | 425              |
| Ms. Mai Jiayu                     | -               | 141                 | 129  | 58  | 9  | 337              |
| Mr. Huang Fei                     | -               | 139                 | 134  | 66  | 6  | 345              |
| Mr. Zhang Xihua                   | -               | 141                 | 119  | 59  | 9  | 328              |
| Subtotal                          | -               | 576                 | 569  | 256   | 34                                       | 1,435            |
| Non-executive directors:          |                 |                     |  |   |  |                  |
| Ms. Zou Chan                      | -               | 121                 | 37   | 55  | 7  | 220              |
| Mr. Chen Guangfu                  | -               | -                   | -  | -   | -  | -                |
| Subtotal                          | -               | 121                 | 37   | 55  | 7  | 220              |
| Supervisors:                      |                 |                     |  |   |  |                  |
| Mr. Wu Weiyuan                    | -               | 95                  | 5  | 32  | 3  | 135              |
| Mr. Chen Shende                   | -               | 114                 | 37   | 34  | 5  | 190              |
| Mr. Chen Haibin                   | -               | 93                  | 5  | 31  | 2  | 131              |
| Mr. Zhou Kelin                    | -               | 98                  | 13   | 32  | 4  | 147              |
| Ms. Zhang Zhihang                 | -               | 121                 | 13   | 37  | 7  | 178              |
| Subtotal                          | -               | 521                 | 73   | 166   | 21                                       | 781              |
|                                   | -               | 1,218               | 679  | 477   | 62                                       | 2,436            |

# Notes to the Consolidated Financial Statements

31 December 2025

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

### (b) Executive directors, non-executive directors and the chief executive (continued)

Notes:

- (i) Mr. Chen Guangfu resigned as a non-executive Director of the Company on 31 December 2025. The emoluments of the Mr. Chen Guangfu in relation to his services rendered for the Company before his resignation were borne by the immediate holding company of the Company. His emoluments were not allocated to the Company as the management of the Company considers there is no reasonable basis for allocation.
- (ii) Mr. Liu Juemao was appointed as a non-executive director of the Company on 31 December 2025.
- (iii) Pursuant to the resolution of the Annual General Meeting of Shareholders held on 16 May 2025, the Company has abolished the supervisory board in order to optimize the Company's governance structure and enhance operational efficiency. The previously assigned powers of the supervisory board has been delegated to the audit committee.

No payment was made or benefit was provided to directors or supervisors as compensation for the early termination or appointment during the year.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

# Notes to the Consolidated Financial Statements

31 December 2025

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four directors (2024: four), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining one (2024: one) highest paid employees who is neither a director nor chief executive of the Company are as follows:

|   | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|-----------------|-----------------|
| Wages, salaries and bonuses   | 427             | 523             |
| Pension costs – defined contribution plans, housing funds, medical insurances and other social insurances | 127             | 68              |
| Other employee benefits   | 2               | 4               |
|   | <u>556</u>      | <u>595</u>      |

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

|                            | 2025     | 2024     |
|----------------------------|----------|----------|
| Emoluments bands           |          |          |
| Nil to RMB500,000          | –        | –        |
| RMB500,001 to RMB1,000,000 | 1        | 1        |
|                            | <u>1</u> | <u>1</u> |

## 10. INCOME TAX

Corporate income tax (“CIT”) was made on the estimated assessable profits of the Company and its subsidiaries calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate was 25% during the year except for the below entities:

- (a) The Company has been qualified as a high and new technology enterprise since 2025 and entitled to the preferential tax rate of 15%.

# Notes to the Consolidated Financial Statements

31 December 2025

## 10. INCOME TAX (Continued)

- (b) SEFP Maoming, Rongli, Food Testing Maoming, Mingxin and TIC Maoming, subsidiaries of the Company, are qualified as small and micro-sized enterprises under the PRC CIT law and entitled to the preferential tax rate of 5%.

The amount of income tax charged to the profit or loss represents:

|                               | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-------------------------------|-----------------|-----------------|
| Current                       |                 |                 |
| Provision for the year        | 5,280           | 4,860           |
| Underprovision in prior years | 851             | 418             |
|                               | 6,131           | 5,278           |
| Deferred ( <i>note 23</i> )   | 359             | 741             |
|                               | <b>6,490</b>    | <b>6,019</b>    |

# Notes to the Consolidated Financial Statements

31 December 2025

## 10. INCOME TAX (Continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates:

|   | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|-----------------|-----------------|
| Profit before tax   | 28,790          | 22,316          |
| Tax at the statutory tax rate of 25%                                      | 7,198           | 5,579           |
| Effect of lower tax rates   | (2,879)         | –               |
| Effect on opening deferred tax of decrease in rates                       | 919             | –               |
| Income not subject to tax   | (77)            | –               |
| Expenses not deductible for tax   | 987             | 173             |
| Adjustments in respect of current tax of previous periods                 | 851             | 418             |
| Additional tax deduction for qualified research and development expenses* | (545)           | (151)           |
| Tax losses not recognised   | 36              | –               |
| Tax charge at the Company's effective tax rate                            | <u>6,490</u>    | <u>6,019</u>    |

- \* Based on Public Notice 2021 No. 13 issued by the State Tax Bureau of the PRC on 31 March 2021, the manufacturing enterprises were eligible for an additional 100% deduction of eligible R&D expenses starting from 1 January 2021. Furthermore, based on Public Notice 2023 No. 7 issued by the State Tax Bureau of the PRC on 26 March 2023, the enterprises were eligible for an additional 100% deduction of eligible R&D expenses from 1 January 2023. The Group has claimed such additional deduction during the Relevant Periods.

# Notes to the Consolidated Financial Statements

31 December 2025

## 11. DIVIDENDS

|   | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|-----------------|-----------------|
| Proposed final – RMB0.18 (2024: RMB0.15) per ordinary share | <u>6,107</u>    | <u>5,089</u>    |

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 12. 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 year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 33,929,000 (2024: 26,920,508) outstanding during the year.

No adjustments has been made to the basic earnings per share amounts presented for the years ended 31 December 2025 and 31 December 2024 in respect of a dilution as the Company has no potentially dilutive ordinary shares outstanding during the years.

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

|  | 2025              | 2024              |
|--|-------------------|-------------------|
| Profit for the year attributable to owners of the Company (RMB'000)                                      | 20,310            | 16,297            |
| Weighted average number of ordinary shares outstanding for the purpose of earnings per share calculation | <u>33,929,000</u> | <u>26,920,508</u> |

# Notes to the Consolidated Financial Statements

31 December 2025

## 13. PROPERTY, PLANT AND EQUIPMENT

|   | Machinery<br>equipment<br>RMB'000 | Leasehold<br>improvements<br>RMB'000 | Office<br>equipment<br>RMB'000 | Vehicles<br>RMB'000 | Buildings<br>RMB'000 | Total<br>RMB'000 |
|---|-----------------------------------|--------------------------------------|--------------------------------|---------------------|----------------------|------------------|
| <b>31 December 2025</b>                                 |                                   |                                      |                                |                     |                      |                  |
| At 1 January 2025                                       |                                   |                                      |                                |                     |                      |                  |
| Cost  | 28,753                            | 3,365                                | 2,670                          | 1,687               | -                    | 36,475           |
| Accumulated depreciation                                | (9,581)                           | (613)                                | (876)                          | (1,024)             | -                    | (12,094)         |
| Net carrying amount                                     | <u>19,172</u>                     | <u>2,752</u>                         | <u>1,794</u>                   | <u>663</u>          | <u>-</u>             | <u>24,381</u>    |
| At 1 January 2025, net of<br>accumulated depreciation   | 19,172                            | 2,752                                | 1,794                          | 663                 | -                    | 24,381           |
| Acquisition of the subsidiaries<br>(note 26)            | 1,594                             | -                                    | 298                            | 54                  | 2,892                | 4,838            |
| Additions   | 10,807                            | 2,492                                | 1,201                          | 754                 | 1,862                | 17,116           |
| Disposals   | (18)                              | -                                    | (1)                            | (6)                 | -                    | (25)             |
| Depreciation provided during the<br>year*               | (4,400)                           | (674)                                | (572)                          | (233)               | (40)                 | (5,919)          |
| At 31 December 2025, net of<br>accumulated depreciation | <u>27,155</u>                     | <u>4,570</u>                         | <u>2,720</u>                   | <u>1,232</u>        | <u>4,714</u>         | <u>40,391</u>    |
| At 31 December 2025                                     |                                   |                                      |                                |                     |                      |                  |
| Cost  | 40,886                            | 5,323                                | 4,141                          | 2,303               | 4,754                | 57,407           |
| Accumulated depreciation                                | (13,731)                          | (753)                                | (1,421)                        | (1,071)             | (40)                 | (17,016)         |
| Net carrying amount                                     | <u>27,155</u>                     | <u>4,570</u>                         | <u>2,720</u>                   | <u>1,232</u>        | <u>4,714</u>         | <u>40,391</u>    |

# Notes to the Consolidated Financial Statements

31 December 2025

## 13. PROPERTY, PLANT AND EQUIPMENT (Continued)

|   | Machinery<br>equipment<br>RMB'000 | Leasehold<br>improvements<br>RMB'000 | Office<br>equipment<br>RMB'000 | Vehicles<br>RMB'000 | Buildings<br>RMB'000 | Total<br>RMB'000 |
|---|-----------------------------------|--------------------------------------|--------------------------------|---------------------|----------------------|------------------|
| <b>31 December 2024</b>                                 |                                   |                                      |                                |                     |                      |                  |
| At 1 January 2024                                       |                                   |                                      |                                |                     |                      |                  |
| Cost  | 10,179                            | 534                                  | 965                            | 1,389               | -                    | 13,067           |
| Accumulated depreciation                                | (7,140)                           | (154)                                | (663)                          | (885)               | -                    | (8,842)          |
| Net carrying amount                                     | <u>3,039</u>                      | <u>380</u>                           | <u>302</u>                     | <u>504</u>          | <u>-</u>             | <u>4,225</u>     |
| At 1 January 2024, net of<br>accumulated depreciation   | 3,039                             | 380                                  | 302                            | 504                 | -                    | 4,225            |
| Additions   | 18,574                            | 2,831                                | 1,705                          | 298                 | -                    | 23,408           |
| Depreciation provided<br>during the year*               | (2,441)                           | (459)                                | (213)                          | (139)               | -                    | (3,252)          |
| At 31 December 2024, net of<br>accumulated depreciation | <u>19,172</u>                     | <u>2,752</u>                         | <u>1,794</u>                   | <u>663</u>          | <u>-</u>             | <u>24,381</u>    |
| At 31 December 2024                                     |                                   |                                      |                                |                     |                      |                  |
| Cost  | 28,753                            | 3,365                                | 2,670                          | 1,687               | -                    | 36,475           |
| Accumulated depreciation                                | (9,581)                           | (613)                                | (876)                          | (1,024)             | -                    | (12,094)         |
| Net carrying amount                                     | <u>19,172</u>                     | <u>2,752</u>                         | <u>1,794</u>                   | <u>663</u>          | <u>-</u>             | <u>24,381</u>    |

\* Depreciation of RMB469,000 (2024: RMB195,000) was capitalised in contract fulfilment cost during the year ended 31 December 2025.

Depreciation has been charged to the following categories in the statements of profit or loss and other comprehensive income as follows:

|                                   | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-----------------------------------|-----------------|-----------------|
| Costs of sales                    | 4,244           | 2,375           |
| Administrative expenses           | 1,125           | 558             |
| Research and development expenses | 81              | 4               |
|                                   | <u>5,450</u>    | <u>3,057</u>    |

# Notes to the Consolidated Financial Statements

31 December 2025

## 14. LEASES

### The Group as a lessee

The Group have lease contracts for certain land and buildings used in its operations. The leased land was acquired from the acquisition of Rongli with remaining lease period of 30 years, and no ongoing payments will be made under the term of the land lease. Leases of buildings generally have lease terms between 2 and 20 years.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

|  | Land use<br>rights<br>RMB'000 | Leased<br>properties<br>RMB'000 | Total<br>RMB'000 |
|--|-------------------------------|---------------------------------|------------------|
| As at 1 January 2024                         | –                             | 1,688                           | 1,688            |
| Additions                                    | –                             | 40,167                          | 40,167           |
| Depreciation charge*                         | –                             | (1,653)                         | (1,653)          |
| Termination of the lease                     | –                             | (1,541)                         | (1,541)          |
| As at 31 December 2024 and<br>1 January 2025 | –                             | 38,661                          | 38,661           |
| Acquisition of subsidiaries<br>(note 26)     | 862                           | 1,179                           | 2,041            |
| Additions                                    | –                             | 6,972                           | 6,972            |
| Depreciation charge*                         | (11)                          | (2,371)                         | (2,382)          |
| As at 31 December 2025                       | <u>851</u>                    | <u>44,441</u>                   | <u>45,292</u>    |

\* Depreciation of RMB79,000 was capitalised in contract fulfilment cost during the year ended 31 December 2025 (2024: RMB36,000).

# Notes to the Consolidated Financial Statements

31 December 2025

## 14. LEASES (Continued)

### The Group as a lessee (Continued)

#### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

|  | 2025<br>RMB'000 | 2024<br>RMB'000 |
|--|-----------------|-----------------|
| Carrying amount at 1 January                     | 39,561          | 2,002           |
| Acquisition of subsidiaries (note 26)            | 1,179           | –               |
| New leases                                       | 6,922           | 39,766          |
| Accretion of interest recognised during the year | 1,553           | 1,212           |
| Payments   | (3,057)         | (1,730)         |
| Termination of lease                             | –               | (1,689)         |
| Carrying amount at 31 December                   | <u>46,158</u>   | <u>39,561</u>   |
| Analysed into:                                   |                 |                 |
| Current portion                                  | 2,445           | 1,219           |
| Non-current portion                              | <u>43,713</u>   | <u>38,342</u>   |

The maturity analysis of lease liabilities is disclosed in note 34 to the financial statements.

In August 2024, the Company terminated the lease agreement for two properties used for office. Upon the termination, the Company derecognised right-of-use assets of RMB1,541,000 and lease liabilities of RMB1,689,000. A gain amounting to RMB148,000 was recognised as other gain due to such early termination of the lease.

# Notes to the Consolidated Financial Statements

31 December 2025

## 14. LEASES (Continued)

### The Group as a lessee (Continued)

(c) The amounts recognised in the statement of profit or loss and other comprehensive income in relation to leases are as follows:

|   | 2025<br>RMB'000     | 2024<br>RMB'000     |
|---|---------------------|---------------------|
| Depreciation charged to administrative expenses           | 1,230               | 825                 |
| Depreciation charged to cost of sales                     | 982                 | 723                 |
| Depreciation charged to research and development expenses | 91                  | 69                  |
| Total depreciation charge of right-of-use assets          | <u>2,303</u>        | <u>1,617</u>        |
| Interest expenses   | <u>1,553</u>        | <u>1,212</u>        |
| Gain on termination of lease                              | <u>—</u>            | <u>(148)</u>        |
| Total amount recognised in profit or loss                 | <u><u>3,856</u></u> | <u><u>2,681</u></u> |

(d) The total cash outflow for leases is disclosed in note 28(b) to the financial statements.

## 15. GOODWILL

|   | RMB'000             |
|---|---------------------|
| Cost at 1 January 2025, net of accumulated impairment | —                   |
| Acquisition of subsidiaries (note 26)                 | <u>2,902</u>        |
| Cost and net carrying amount at 31 December 2025      | <u><u>2,902</u></u> |
| At 31 December 2025:                                  |                     |
| Cost  | 2,902               |
| Accumulated impairment                                | <u>—</u>            |
| Net carrying amount                                   | <u><u>2,902</u></u> |

# Notes to the Consolidated Financial Statements

31 December 2025

## 15. GOODWILL (Continued)

Goodwill acquired through business combinations is allocated to the following cash-generating units (“CGUs”) for impairment testing:

- Yueshui cash-generating unit; (“Yueshui CGU”) and
- Rongli cash-generating unit. (“Rongli CGU”)

The carrying amount of goodwill as at 31 December 2025 allocated to each of the CGUs is as follows:

|                             | Yueshui<br>RMB'000 | Rongli<br>RMB'000 | Total<br>RMB'000 |
|-----------------------------|--------------------|-------------------|------------------|
| Carrying amount of goodwill | <u>2,083</u>       | <u>819</u>        | <u>2,902</u>     |

Management relied on the valuation carried out by an independent professional valuer to determine the recoverable amount of the Yueshui CGU and Rongli CGU. As at 31 December 2025, the recoverable amounts of Yueshui CGU and Rongli CGU were determined based on value in use calculations using cash flow projections derived from financial budgets approved by senior management, covering a five-year period. The pre-tax discount rate applied to the cash flow projections is 15.7 % and 16.1%, respectively. The growth rate used to extrapolate the cash flows beyond the five-year period is 0% and 0%, respectively, which is consistent with the estimated industry growth rate.

The following describes key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

**Budgeted revenue growth rates** – The budgeted revenue growth rates are based on historical revenue growth data available to management and management’s assessment of market outlook and industry trends.

**Budgeted gross margins** – The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the year immediately preceding the budget year, adjusted upward to reflect anticipated market developments and operational improvements.

**Discount rate** – The discount rate applied is a pre-tax rate, reflecting the specific risks associated with the cash-generating unit, including market, credit, and operational risks.

**Long-term growth rate** – The long-term growth rate is derived from market data and management’s expectations regarding the future development of the testing industry.

# Notes to the Consolidated Financial Statements

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## 15. GOODWILL (Continued)

The key assumptions regarding market development and the discount rate are consistent with information provided by external sources, including industry reports and benchmark data.

## 16. OTHER INTANGIBLE ASSETS

|   | Software<br>RMB'000 |
|---|---------------------|
| <b>31 December 2025</b>                                 |                     |
| Cost at 1 January 2025, net of accumulated amortisation | 502                 |
| Additions   | 2,354               |
| Amortisation provided during the year*                  | (190)               |
| At 31 December 2025                                     | <u>2,666</u>        |
| At 31 December 2025                                     |                     |
| Cost  | 3,065               |
| Accumulated amortisation                                | (399)               |
| Net carrying amount                                     | <u>2,666</u>        |
| <b>31 December 2024</b>                                 |                     |
| At 1 January 2024:                                      |                     |
| Cost  | 271                 |
| Accumulated amortisation                                | (155)               |
| Net carrying amount                                     | <u>116</u>          |
| Cost at 1 January 2024, net of accumulated amortisation | 116                 |
| Additions   | 441                 |
| Amortisation provided during the year*                  | (55)                |
| At 31 December 2024                                     | <u>502</u>          |
| At 31 December 2024 and at 1 January 2025:              |                     |
| Cost  | 711                 |
| Accumulated amortisation                                | (209)               |
| Net carrying amount                                     | <u>502</u>          |

\* Depreciation of RMB4,000 was capitalised in contract fulfilment cost during the year ended 31 December 2024

# Notes to the Consolidated Financial Statements

31 December 2025

## 16. OTHER INTANGIBLE ASSETS (Continued)

Amortisation has been charged to the following categories in the statement of profit or loss and other comprehensive income as follows:

|                                   | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-----------------------------------|-----------------|-----------------|
| Cost of services                  | 65              | 28              |
| Administrative expenses           | 66              | 23              |
| Research and development expenses | 59              | —               |
|                                   | <u>190</u>      | <u>51</u>       |

# Notes to the Consolidated Financial Statements

31 December 2025

## 17. INVENTORIES

|   | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|-----------------|-----------------|
| Raw materials                             | 42              | 105             |
| Contract fulfilment costs ( <i>note</i> ) | 4,166           | 2,878           |
|   | <b>4,208</b>    | <b>2,983</b>    |

*Note :*

As at 31 December 2025 and 31 December 2024, the balance of contract fulfilment costs represented asset recognised in relation to costs to fulfil contracts for testing services.

## 18. TRADE RECEIVABLES

|                   | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-------------------|-----------------|-----------------|
| Trade receivables | 89,811          | 59,927          |
| Impairment        | (12,971)        | (11,290)        |
|                   | <b>76,840</b>   | <b>48,637</b>   |

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 90 to 180 days, and certain major customers have longer credit period. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. As at 31 December 2025, the Group had certain concentration of credit risk as 16.3% (2024: 23.3%) and 40.7% (2024: 45.7%) of the Group's trade receivables were due from the top 1 customer and top 5 customers, respectively. Trade receivables are non-interest-bearing.

# Notes to the Consolidated Financial Statements

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## 18. TRADE RECEIVABLES (Continued)

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

|               | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---------------|-----------------|-----------------|
| Within 1 year | 49,122          | 35,899          |
| 1 to 2 years  | 19,763          | 11,785          |
| 2 to 3 years  | 7,277           | 590             |
| 3 to 4 years  | 479             | 288             |
| Over 4 years  | 199             | 75              |
|               | <b>76,840</b>   | <b>48,637</b>   |

The movements in the loss allowance for impairment of trade receivables are as follows:

|   | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|-----------------|-----------------|
| At beginning of year                                | 11,290          | 11,840          |
| Impairment losses/(reversal of impairment) (note 6) | 1,681           | (550)           |
| At end of year                                      | <b>12,971</b>   | <b>11,290</b>   |

An impairment analysis is performed at each reporting date to measure expected credit losses.

As at 31 December 2025 and 31 December 2024, the expected credit loss rate for certain customers who were in bankruptcy, liquidation, insolvency or in other situations with different risk are assessed individually by the directors as follows:

|                                    | 2025         | 2024         |
|------------------------------------|--------------|--------------|
| Expected credit loss rates         | 100%         | 100%         |
| Gross carrying amount (RMB'000)    | 4,809        | 5,143        |
| Loss allowance provision (RMB'000) | <b>4,809</b> | <b>5,143</b> |

# Notes to the Consolidated Financial Statements

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## 18. TRADE RECEIVABLES (Continued)

Except for the trade receivables assessed individually, the provision rates are based on ageing of trade receivables for groupings of various customer categories with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's remaining trade receivables, based on invoice date, using a provision matrix:

### As at 31 December 2025

|                                     | Less than<br>1 year | 1 to 2<br>years | 2 to 3<br>years | 3 to 4<br>years | 4 to 5<br>years | Over 5<br>years | Total  |
|-------------------------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------|
| Expected credit loss rate           | 4.67%               | 11.06%          | 26.34%          | 36.02%          | 46.07%          | 100.00%         | 9.60%  |
| Gross carrying amount<br>(RMB'000)  | 51,415              | 22,278          | 9,831           | 819             | 458             | 201             | 85,002 |
| Expected credit losses<br>(RMB'000) | 2,402               | 2,464           | 2,589           | 295             | 211             | 201             | 8,162  |

### As at 31 December 2024

|                                     | Less than<br>1 year | 1 to 2<br>years | 2 to 3<br>years | 3 to 4<br>years | 4 to 5<br>years | Over 5<br>years | Total  |
|-------------------------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------|
| Expected credit loss rate           | 7.42%               | 15.50%          | 30.39%          | 58.08%          | 85.66%          | 100.00%         | 11.22% |
| Gross carrying amount<br>(RMB'000)  | 38,774              | 13,948          | 849             | 687             | 523             | 3               | 54,784 |
| Expected credit losses<br>(RMB'000) | 2,877               | 2,162           | 258             | 399             | 448             | 3               | 6,147  |

# Notes to the Consolidated Financial Statements

31 December 2025

## 19. PREPAYMENTS AND OTHER RECEIVABLES

|                                | 2025<br>RMB'000 | 2024<br>RMB'000 |
|--------------------------------|-----------------|-----------------|
| Prepayments                    | 8,038           | 3,587           |
| Deposits and other receivables | 2,545           | 4,703           |
|                                | <b>10,583</b>   | 8,290           |
| Impairment allowance           | <b>(1,284)</b>  | (564)           |
|                                | <b>9,299</b>    | 7,726           |
| Less: non-current portion      | <b>(6,185)</b>  | (1,680)         |
|                                | <b>3,114</b>    | 6,046           |

The movements in the loss allowance for impairment of other receivables are as follows:

|  | 2025<br>RMB'000 | 2024<br>RMB'000 |
|--|-----------------|-----------------|
| At beginning of year                     | 564             | 565             |
| Impairment losses, net ( <i>note 6</i> ) | 720             | (1)             |
| At end of year                           | <b>1,284</b>    | 564             |

Deposits and other receivables mainly represent deposits with suppliers. The expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. As at 31 December 2025 and 31 December 2024, except for the defaulted receivables of RMB1,284,000 (2024: RMB564,000), the Group assessed the expected loss rate for the remaining receivables to be minimal.

# Notes to the Consolidated Financial Statements

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## 20. CASH AND CASH EQUIVALENTS

|                           | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---------------------------|-----------------|-----------------|
| Cash and bank balances    | 101,691         | 109,856         |
| Less: Time deposits       | —               | (10,000)        |
| Cash and cash equivalents | <u>101,691</u>  | <u>99,856</u>   |

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi (“RMB”) and Hong Kong dollar (“HK\$”) amounted to RMB101,339,000 (2024: RMB99,471,000) and RMB352,000 (2024: RMB385,000), respectively. The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

## 21. TRADE PAYABLES

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

|               | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---------------|-----------------|-----------------|
| Within 1 year | 4,318           | 4,831           |
| 1 to 2 years  | 4,115           | —               |
|               | <u>8,433</u>    | <u>4,831</u>    |

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

# Notes to the Consolidated Financial Statements

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## 22. OTHER PAYABLES AND ACCRUALS

|  | 2025<br>RMB'000 | 2024<br>RMB'000 |
|--|-----------------|-----------------|
| Salaries and welfare payables              | 3,942           | 2,836           |
| Contract liabilities ( <i>note a</i> )     | 2,565           | 463             |
| Other taxes payables                       | 1,895           | 636             |
| Payables for property, plant and equipment | 8,138           | 3,029           |
| Other payables ( <i>note b</i> )           | 4,118           | 3,366           |
|  | <b>20,658</b>   | <b>10,330</b>   |

Notes:

(a) Details of contract liabilities are as follows:

|   | 31 December<br>2025<br>RMB'000 | 31 December<br>2024<br>RMB'000 | 1 January<br>2024<br>RMB'000 |
|---|--------------------------------|--------------------------------|------------------------------|
| Short-term advances received from customers |                                |                                |                              |
| Testing services                            | 2,565                          | 463                            | 1,394                        |

Contract liabilities include short-term advances received to render testing services.

(b) Other payables are non-interest-bearing and payable within 12 months.

# Notes to the Consolidated Financial Statements

31 December 2025

## 23. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

### Deferred tax liabilities

|  | 2025                           |                               |                              |  |                  |
|--|--------------------------------|-------------------------------|------------------------------|--|------------------|
|  | Right-of-use assets<br>RMB'000 | Government subsidy<br>RMB'000 | Lease receivables<br>RMB'000 | Fair value adjustments arising from acquisition of subsidiaries<br>RMB'000 | Total<br>RMB'000 |
| At 1 January 2025  | (9,665)                        | (750)                         | (140)                        | -  | (10,555)         |
| Deferred tax credited/(charged) to profit or loss during the year<br>(note 10) | 3,749                          | 750                           | 56                           | (211)  | 4,344            |
| Gross deferred tax liabilities at 31 December 2025                             | <u>(5,916)</u>                 | <u>-</u>                      | <u>(84)</u>                  | <u>(211)</u>   | <u>(6,211)</u>   |

### Deferred tax assets

|   | 2025  |                              |                  |
|---|---|------------------------------|------------------|
|   | Provision for expected credit loss of financial assets<br>RMB'000 | Lease Liabilities<br>RMB'000 | Total<br>RMB'000 |
| At 1 January 2025   | 2,964   | 9,890                        | 12,854           |
| Deferred tax charged to profit or loss during the year<br>(note 10) | (981)   | (3,722)                      | (4,703)          |
| Gross deferred tax assets at 31 December 2025                       | <u>1,983</u>  | <u>6,168</u>                 | <u>8,151</u>     |

# Notes to the Consolidated Financial Statements

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## 23. DEFERRED TAX (Continued)

### Deferred tax liabilities

|   | 2024                              |                                    |                                 | Total<br>RMB'000 |
|---|-----------------------------------|------------------------------------|---------------------------------|------------------|
|   | Right-of-use<br>assets<br>RMB'000 | Government<br>subsidies<br>RMB'000 | Lease<br>receivables<br>RMB'000 |                  |
| At 1 January 2024   | (422)                             | -                                  | (140)                           | (562)            |
| Deferred tax charged to profit or loss during the year ( <i>note 10</i> ) | (9,243)                           | (750)                              | -                               | (9,993)          |
| Gross deferred tax liabilities at 31 December 2024                        | <u>(9,665)</u>                    | <u>(750)</u>                       | <u>(140)</u>                    | <u>(10,555)</u>  |

### Deferred tax assets

|  | 2024   |                              | Total<br>RMB'000 |
|--|--|------------------------------|------------------|
|  | Provision for<br>expected credit<br>loss of financial<br>assets<br>RMB'000 | Lease Liabilities<br>RMB'000 |                  |
| At 1 January 2024  | 3,101  | 501                          | 3,602            |
| Deferred tax (charged)/credited to profit or loss during the year ( <i>note 10</i> ) | (137)  | 9,389                        | 9,252            |
| Gross deferred tax assets at 31 December 2024  | <u>2,964</u>   | <u>9,890</u>                 | <u>12,854</u>    |

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

|  | 2025<br>RMB'000 | 2024<br>RMB'000 |
|--|-----------------|-----------------|
| Net deferred tax assets recognised in the consolidated statement of financial position | <u>1,940</u>    | <u>2,299</u>    |

# Notes to the Consolidated Financial Statements

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## 24. SHARE CAPITAL

### Shares

|   | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|-----------------|-----------------|
| Issued and fully paid:<br>33,929,000 (2024: 33,929,000) ordinary shares | <u>33,929</u>   | <u>33,929</u>   |

A summary of movements in the Company's share capital is as follows:

|   | Number of<br>shares in<br>issue | Share<br>capital<br>RMB'000 |
|---|---------------------------------|-----------------------------|
| At 1 January 2024                             | 23,750                          | 23,750                      |
| Issuance of ordinary shares ( <i>Note a</i> ) | <u>10,179</u>                   | <u>10,179</u>               |
| At 31 December 2024 and 31 December 2025      | <u>33,929</u>                   | <u>33,929</u>               |

*Note:*

- (a) In connection with the initial public offering, 10,179,000 ordinary shares of a par value of RMB1.00 each were issued at a price of HK\$9.90 per share at a total cash consideration, before deducting the underwriting fees and commissions and other estimated listing expenses, of approximately HK\$100,772,000 (approximately RMB100,772,000).

## 25. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 160 of the financial statements.

# Notes to the Consolidated Financial Statements

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## 26. BUSINESS COMBINATIONS

### (a) *Maoming Yueshui Engineering Testing and Inspection Co., Ltd. (“Yueshui”)*

On 16 April 2025, the Company, Nanyue Hydraulic and Hydropower Planning, Survey and Design Co., Ltd. and 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 capital increase was completed during the year. Yueshui is engaged in the provision of hydraulic engineering testing and inspection services. The capital increase 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 as at the date of acquisition were as follows:

|   | <b>Fair value<br/>recognised on<br/>acquisition<br/>RMB’000</b> |
|---|---|
| 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)  |
| <b>Total identifiable net assets at fair value</b>  | <b>4,880</b>  |
| Non-controlling interests*  | (2,391)   |
| Goodwill on acquisition   | 2,083   |
| <b>Satisfied by the acquisition of non-controlling interests of<br/>the injected capital*</b> | <b>4,572</b>  |

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

# Notes to the Consolidated Financial Statements

31 December 2025

## 26. BUSINESS COMBINATIONS (Continued)

(a) *Maoming Yueshui Engineering Testing and Inspection Co., Ltd. (“Yueshui”)*  
(Continued)

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

|   | RMB'000               |
|---|-----------------------|
| Cash and bank balances acquired included in cash consideration                            | (4,572)               |
| Cash and bank balances acquired   | <u>2,958</u>          |
| Net outflow of cash and cash equivalents included in cash flows from investing activities | (1,614)               |
| Transaction costs of the acquisition included in cash flows from operating activities     | <u>(253)</u>          |
| Total net cash outflow  | <u><u>(1,867)</u></u> |

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 year ended 31 December 2025.

Since the acquisition, Yueshui contributed RMB10,239,000 to the Group's revenue and RMB4,199,000 to the consolidated profit for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been RMB83,233,000 and RMB22,423,000, respectively.

(b) *Xinyi Rongli Motor Vehicle Testing Co., Ltd. (Rongli)*

On 5 August 2025, the Company entered into a share transfer agreement with the Xinyi Municipal Finance Bureau, pursuant to which the Xinyi Municipal Finance Bureau agreed to sell all equity interests in Rongli for a consideration of RMB12,571,000. The acquisition was completed during the year. Rongli is engaged in motor vehicle testing and inspection services. The acquisition forms part of the Group's strategic to expand its business scope to vehicle testing.

# Notes to the Consolidated Financial Statements

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## 26. BUSINESS COMBINATIONS (Continued)

### (b) Xinyi Rongli Motor Vehicle Testing Co., Ltd. (Rongli) (Continued)

The fair values of the identifiable assets and liabilities of Rongli as at the date of acquisition were as follows:

|   | Fair value<br>recognised on<br>acquisition<br>RMB'000 |
|---|---|
| Property, plant and equipment               | 4,185   |
| Right of use assets                         | 2,041   |
| Cash and bank balances                      | 8,432   |
| Trade receivables                           | 1,833   |
| Other receivables                           | 27  |
| Trade payables                              | (2,946)   |
| Accruals and other payables                 | (407)   |
| Deferred tax liabilities                    | (194)   |
| Tax payable                                 | (40)  |
| Lease liabilities                           | (1,179)   |
| Total identifiable net assets at fair value | 11,752  |
| Goodwill on acquisition                     | 819   |
| Satisfied by cash                           | 12,571  |

An analysis of the cash flows in respect of Rongli is as follows:

|   | RMB'000  |
|---|----------|
| Cash consideration  | (12,571) |
| Cash and bank balances acquired   | 8,432    |
| Net outflow of cash and cash equivalents included in cash flows from investing activities | (4,139)  |
| Transaction costs of the acquisition included in cash flows from operating activities     | (327)    |
| Total net cash outflow  | (4,466)  |

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB1,833,000 and RMB27,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB2,106,000 and RMB547,000, respectively, of which trade receivables and other receivables of RMB273,000 and RMB520,000, respectively, are expected to be uncollectible.

# Notes to the Consolidated Financial Statements

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## 26. BUSINESS COMBINATIONS (Continued)

### (b) Xinyi Rongli Motor Vehicle Testing Co., Ltd. (Rongli) (Continued)

The Group incurred transaction costs of RMB328,000 for this acquisition. These transaction costs have been expensed and are included in other expenses for the year ended 31 December 2025.

Since the acquisition, Rongli contributed RMB2,881,000 to the Group's revenue and loss of RMB275,000 to the consolidated profit for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been RMB86,927,000 and RMB23,405,000, respectively.

## 27. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

|  | 2025         |
|--|--------------|
| Percentage of equity interest held by non-controlling interests:         |              |
| Mingxin  | 49%          |
| Yueshui  | 49%          |
|  | <u>49%</u>   |
|  | <u>49%</u>   |
|  | 2025         |
|  | RMB'000      |
| Profit for the year allocated to non-controlling interests:              |              |
| Mingxin  | 3            |
| Yueshui  | 2,016        |
|  | <u>2,016</u> |
| Dividends paid to non-controlling interests of Yueshui                   | 490          |
|  | <u>490</u>   |
| Accumulated balances of non-controlling interests at the reporting date: |              |
| Mingxin  | 3,923        |
| Yueshui  | 8,979        |
|  | <u>3,923</u> |
|  | <u>8,979</u> |

# Notes to the Consolidated Financial Statements

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## 27. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

| 2025   | Mingxin<br>RMB'000 | Yueshui<br>RMB'000 |
|--|--------------------|--------------------|
| Revenue  | –                  | 10,239             |
| Total income/(expenses)                            | 6                  | (6,040)            |
| Profit for the year                                | 6                  | 4,199              |
| Total comprehensive income for the year            | 6                  | 4,199              |
| Current assets                                     | 3,286              | 19,523             |
| Non-current assets                                 | 4,961              | 3,926              |
| Current liabilities                                | (201)              | (6,039)            |
| Non-current liabilities                            | (40)               | (101)              |
| Net cash flows (used in)/from operating activities | (196)              | 1,532              |
| Net cash flows used in investing activities        | (5,521)            | (2,392)            |
| Net cash flows from financing activities           | 7,847              | 8,294              |
| Net increase in cash and cash equivalents          | 2,130              | 7,434              |

## 28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

During the year ended 31 December 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB6,972,000 and RMB6,922,000, respectively, in respect of lease arrangements for buildings. (2024: RMB40,167,000 and RMB39,766,000, respectively).

# Notes to the Consolidated Financial Statements

31 December 2025

## 28. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

### (b) Changes in liabilities arising from financing activities

**2025**

|                                   | Lease liabilities<br>RMB'000 |
|-----------------------------------|------------------------------|
| At 1 January 2025                 | (39,561)                     |
| Changes from financing cash flows | 3,057                        |
| New leases                        | (6,922)                      |
| Acquisition of subsidiaries       | (1,179)                      |
| Interest expense                  | (1,553)                      |
| At 31 December 2025               | <u>(46,158)</u>              |

**2024**

|                                   | Lease liabilities<br>RMB'000 |
|-----------------------------------|------------------------------|
| At 1 January 2024                 | (2,002)                      |
| Changes from financing cash flows | 1,730                        |
| New leases                        | (39,766)                     |
| Interest expense                  | (1,212)                      |
| Termination of the lease          | 1,689                        |
| At 31 December 2024               | <u>(39,561)</u>              |

# Notes to the Consolidated Financial Statements

31 December 2025

## 29. CONTINGENT LIABILITIES

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

## 30. COMMITMENTS

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

|           | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-----------|-----------------|-----------------|
| Buildings | –               | 721             |
| Equipment | –               | 614             |
|           | –               | 1,335           |

# Notes to the Consolidated Financial Statements

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## 31. RELATED PARTY TRANSACTIONS

The following is a summary of the transactions carried out between the Group and its related parties during the year ended 31 December 2025 and 31 December 2024, and balances with related parties as at 31 December 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 the year end/or during the year.

| Name  | Relationship                         |
|---|--------------------------------------|
| Xinyi City Construction Engineering Quality and Safety Affairs Center                       | Immediate holding company            |
| Guangdong Maoming Binhai New Area Management Committee Agriculture and Rural Affairs Bureau | PRC government administrative bureau |
| Heshui Town Central Hospital of Xinyi City  | PRC government administrative bureau |
| Maoming Municipal Market Supervision and Administration Bureau                              | PRC government administrative bureau |
| Maoming Public Security Bureau  | PRC government administrative bureau |
| Maoming Water Bureau  | PRC government administrative bureau |
| People's Government of Baishi Town, Xinyi City  | PRC government administrative bureau |
| People's Government of Beijie Town, Xinyi City  | PRC government administrative bureau |
| People's Government of Guizi Town, Xinyi City   | PRC government administrative bureau |
| People's Government of Pingtang Town, Xinyi City  | PRC government administrative bureau |
| People's Government of Qianpai Town, Xinyi City   | PRC government administrative bureau |
| People's Government of Shuikou Town, Xinyi City   | PRC government administrative bureau |
| People's Government of Sihe Town, Xinyi City  | PRC government administrative bureau |

# Notes to the Consolidated Financial Statements

31 December 2025

## 31. 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 year. (Continued)

| Name   | Relationship                         |
|--|--------------------------------------|
| Xinyi Agricultural and Rural 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 Public Security Bureau Traffic Management Division     | PRC government administrative bureau |
| Xinyi Natural Resources Bureau   | PRC government administrative bureau |
| Xinyi Public Security Bureau   | PRC government administrative bureau |
| China Construction Fifth Engineering Division Corp., Ltd.              | Entity controlled by PRC government  |
| China Construction Fifth Engineering Division Corp., Ltd. Xinyi Branch | Entity controlled by PRC government  |
| China Railway 23rd Bureau Group Co., Ltd. Maoming Branch               | Entity controlled by PRC government  |
| China RAILWAY Seventh Group Co., Ltd.                                  | Entity controlled by PRC government  |
| Foshan Gaoming Guoying Municipal Engineering Construction Co., Ltd.    | Entity controlled by PRC government  |
| Foshan Highway and Bridge Engineering Monitoring Station Co., Ltd.     | Entity controlled by PRC government  |
| Foshan Yongdeli Trading Co., Ltd.                                      | Entity controlled by PRC government  |
| Gaizhou Gaixin Engineering Inspection Co., Ltd.                        | Entity controlled by PRC government  |

# Notes to the Consolidated Financial Statements

31 December 2025

## 31. 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 year. (Continued)

| Name   | Relationship                        |
|--|-------------------------------------|
| Gaochang Transportation Infrastructure Construction Co., Ltd. In Gaoming District, Foshan City | Entity controlled by PRC government |
| Gaozhou City Construction Affairs Center   | Entity controlled by PRC government |
| Gaozhou Water Conservancy and Hydropower Engineering Construction Management Center            | Entity controlled by PRC government |
| Guangdong Construction Engineering Group Co., Ltd.   | 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 Xinda Construction Engineering Co., Ltd.   | Entity controlled by PRC government |
| Guangdong Xinyi Economic Development Zone Management Center                                    | Entity controlled by PRC government |
| Guangdong Yuantian Engineering Company Limited   | Entity controlled by PRC government |
| Guangzhou Municipal Government Group Co., Ltd. Maoming Branch                                  | Entity controlled by PRC government |
| Guangzhou Municipal Group Co., Ltd.  | Entity controlled by PRC government |
| Hecheng Street Urban Construction Comprehensive Affairs Center, Gaoming District, Foshan City  | Entity controlled by PRC government |
| Huazhou Water Conservancy and Hydropower Construction Service Center                           | Entity controlled by PRC government |
| Hunan Yiyang Water Conservancy & Hydropower Construction Co., Ltd.                             | Entity controlled by PRC government |
| Maoming Binhai New Area Fishing Port Service Center  | Entity controlled by PRC government |

# Notes to the Consolidated Financial Statements

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## 31. 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 year. (Continued)

| Name  | Relationship                        |
|---|-------------------------------------|
| Maoming City Urban River Embankment Management Office   | Entity controlled by PRC government |
| Maoming Development Group Co., Ltd.   | Entity controlled by PRC government |
| Maoming Maonan District Water Conservancy Engineering Construction Center   | Entity controlled by PRC government |
| Maoming Minghu Reservoir Management Institute   | Entity controlled by PRC government |
| Maoming Xiaoliang Soil and Water Conservation Experimental Promotion Station (Maoming Soil and Water Conservation Monitoring Station) | Entity controlled by PRC government |
| Shandong Dayu Water Affairs Construction Group Co., Ltd. Huazhou Branch   | Entity controlled by PRC government |
| Shandong Dayu Water Construction Group Co., Ltd.  | Entity controlled by PRC government |
| Shanghai Civil Engineering Group Co., Ltd. Xinyi Branch   | Entity controlled by PRC government |
| Shanghai Tap Water Investment and Construction Co., Ltd.  | Entity controlled by PRC government |
| Sinohydro Bureau 11 Co., Ltd. Xinyi Branch  | Entity controlled by PRC government |
| Water Conservancy and Hydropower Construction Management Center of Maoming City   | Entity controlled by PRC government |
| Xinyi Ane Central Primary School  | Entity controlled by PRC government |
| Xinyi City Health Bureau  | Entity controlled by PRC government |
| Xinyi City Urban Comprehensive Investment Development Co., Ltd.   | Entity controlled by PRC government |
| Xinyi City Water Conservancy and Hydropower Engineering Construction Management Center  | Entity controlled by PRC government |
| Xinyi City Xinhua Agriculture, Culture and Tourism Investment and Development Co., Ltd.   | Entity controlled by PRC government |
| Xinyi Heshui Central Primary School   | Entity controlled by PRC government |
| Xinyi Municipal Government Investment Project Construction Center   | Entity controlled by PRC government |

# Notes to the Consolidated Financial Statements

31 December 2025

## 31. 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 year. (Continued)

| <b>Name</b>   | <b>Relationship</b>                 |
|---|-------------------------------------|
| Xinyi Shanbei Primary School  | Entity controlled by PRC government |
| Xinyi Teacher Development Center  | Entity controlled by PRC government |
| Xinyi Third People's Hospital   | Entity controlled by PRC government |
| Xinyi Xinheng State Owned Assets Operation and Management Group Co., Ltd. | 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 |
| Xinyi Yuexin Meat Foodstuff Co., Ltd.                                     | Entity controlled by PRC government |
| Yellow River Co., Ltd.  | Entity controlled by PRC government |

# Notes to the Consolidated Financial Statements

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## 31. 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 year:

|   | Notes         | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---------------|-----------------|-----------------|
| Addition of right-of-use assets from an entity controlled by PRC government   | (i)           | 1,493           | 40,167          |
| Interest expenses on lease liabilities to:<br>An entity controlled by PRC government<br>PRC government administrative bureaus             | (i)           | 1,515<br>–      | 1,157<br>55     |
| Rendering of services to:<br>Immediate holding company<br>PRC government administrative bureaus and entities controlled by PRC Government | (ii)<br>(iii) | 98<br>50,173    | 57<br>18,469    |

Notes:

- (i) In April and May 2025, the Group entered into lease agreements with certain entities controlled by the PRC government, for the lease of offices and laboratories with lease term ranging from 2 to 20 years.

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 price of the services is 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 PRC Government. The transaction price of the services is determined with reference to the prevailing market prices.

Included in the item (iii) of the related party transactions above amounting to RMB4.85 million (2024: RMB2.42 million) are also constitute continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules.

# Notes to the Consolidated Financial Statements

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## 31. RELATED PARTY TRANSACTIONS (Continued)

### (c) Outstanding balances with related parties:

|  | Notes    | 2025<br>RMB'000 | 2024<br>RMB'000 |
|--|----------|-----------------|-----------------|
| Lease liabilities to an entity controlled by PRC government  | (i)      | (39,590)        | (39,561)        |
| Trade receivables from immediate holding company   | (i)/(ii) | 112             | 31              |
| Trade receivables from PRC government administrative bureaus and entities controlled by the PRC Government | (i)/(ii) | 55,374          | 34,755          |
| Contract liabilities from entities controlled by the PRC Government  | (i)/(ii) | (1,940)         | (125)           |

Notes:

- (i) The balances of lease liabilities, trade receivables, contract liabilities and prepayments were trade in nature and unsecured.
- (ii) The balances of trade receivables, contract liabilities and prepayments were interest free.

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

|                              | 2025<br>RMB'000 | 2024<br>RMB'000 |
|------------------------------|-----------------|-----------------|
| Short term employee benefits | 2,623           | 2,664           |

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

# Notes to the Consolidated Financial Statements

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## 32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

**2025**

### *Financial assets*

|  | Financial assets at amortised cost<br>RMB'000 |
|--|---|
| Trade receivables  | 76,840  |
| Financial assets included in prepayments and other receivables | 1,261   |
| Cash and cash equivalents                                      | 101,691                                       |
|  | <u>179,792</u>                                |

### *Financial liabilities*

|  | Financial liabilities at amortised cost<br>RMB'000 |
|--|--|
| Trade payables   | 8,433  |
| Financial liabilities included in other payables and accruals<br>(note 22) | 12,256   |
| Lease liabilities  | 46,158   |
|  | <u>66,847</u>                                      |

# Notes to the Consolidated Financial Statements

31 December 2025

## 32. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2024

### *Financial assets*

|  | Financial<br>assets at<br>amortised<br>cost<br>RMB'000 |
|--|--|
| Trade receivables  | 48,637   |
| Financial assets included in prepayments and other receivables | 4,139  |
| Time deposits  | 10,000   |
| Cash and cash equivalents                                      | <u>99,856</u>  |
|  | <u><u>162,632</u></u>                                  |

### *Financial liabilities*

|  | Financial<br>liabilities at<br>amortised<br>cost<br>RMB'000 |
|--|---|
| Trade payables   | 4,831   |
| Financial liabilities included in other payables and accruals<br>(note 22) | 6,395   |
| Lease liabilities  | <u>39,561</u>   |
|  | <u><u>50,787</u></u>  |

# Notes to the Consolidated Financial Statements

31 December 2025

## 33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group's financial instruments including trade receivables, cash and cash equivalents, other receivables, trade payables and other payables are measured at amortised cost in the end of reporting period.

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     |                 |
|---|------------------|-----------------|-----------------|-----------------|
|   | 2025<br>RMB'000  | 2024<br>RMB'000 | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Other receivables – non-current portion | <u>524</u>       | <u>352</u>      | <u>524</u>      | <u>352</u>      |

# Notes to the Consolidated Financial Statements

31 December 2025

## 33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

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

Assets for which fair values are disclosed:

| As at 31 December 2025                  | Fair value measurement using               |  |  |                  |
|---|--|--|--|------------------|
|   | Quoted prices in active markets<br>RMB'000 | Significant observable inputs<br>RMB'000 | Significant unobservable inputs<br>RMB'000 | Total<br>RMB'000 |
| Other receivables – non-current portion | –  | 524                                      | –  | 524              |

| As at 31 December 2024                  | Fair value measurement using               |  |  |                  |
|---|--|--|--|------------------|
|   | Quoted prices in active markets<br>RMB'000 | Significant observable inputs<br>RMB'000 | Significant unobservable inputs<br>RMB'000 | Total<br>RMB'000 |
| Other receivables – non-current portion | –  | 352                                      | –  | 352              |

The Group did not have any financial liabilities disclosed at fair value as at 31 December 2025 and as at 31 December 2024.

# Notes to the Consolidated Financial Statements

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## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, trade payables, financial assets included in prepayment and other receivables and financial liabilities included in other payable and accrued, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

### **Credit risk**

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

### **Maximum exposure and year-end staging**

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

# Notes to the Consolidated Financial Statements

31 December 2025

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Maximum exposure and year-end staging (continued)

As at 31 December 2025

|  | 12-month ECLs   | Lifetime ECLs   |                 |                             | Total RMB'000  |
|--|-----------------|-----------------|-----------------|-----------------------------|----------------|
|  | Stage 1 RMB'000 | Stage 2 RMB'000 | Stage 3 RMB'000 | Simplified approach RMB'000 |                |
| Trade receivables*   | -               | -               | -               | 89,811                      | 89,811         |
| Financial assets included in prepayments and other receivables |                 |                 |                 |                             |                |
| – Normal**   | 1,986           | -               | -               | -                           | 1,986          |
| – Doubtful**   | -               | -               | 559             | -                           | 559            |
| Cash and cash equivalent                                       | 101,691         | -               | -               | -                           | 101,691        |
|  | <u>103,677</u>  | <u>-</u>        | <u>559</u>      | <u>89,811</u>               | <u>194,047</u> |

As at 31 December 2024

|  | 12-month ECLs   | Lifetime ECLs   |                 |                             | Total RMB'000  |
|--|-----------------|-----------------|-----------------|-----------------------------|----------------|
|  | Stage 1 RMB'000 | Stage 2 RMB'000 | Stage 3 RMB'000 | Simplified approach RMB'000 |                |
| Trade receivables*   | -               | -               | -               | 59,927                      | 59,927         |
| Financial assets included in prepayments and other receivables |                 |                 |                 |                             |                |
| – Normal**   | 4,144           | -               | -               | -                           | 4,144          |
| – Doubtful**   | -               | -               | 559             | -                           | 559            |
| Time deposits  | 10,000          | -               | -               | -                           | 10,000         |
| Cash and cash equivalent                                       | 99,856          | -               | -               | -                           | 99,856         |
|  | <u>114,000</u>  | <u>-</u>        | <u>559</u>      | <u>59,927</u>               | <u>174,486</u> |

# Notes to the Consolidated Financial Statements

31 December 2025

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Maximum exposure and year-end staging (continued)

- \* For trade receivables to which the Group applies the simplified approach for impairment, information of the impairment analysis is disclosed in note 18 to the financial statements.
- \*\* The credit quality of the financial assets included in prepayments and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 18 to the financial statements.

### Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through lease liabilities.

# Notes to the Consolidated Financial Statements

31 December 2025

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

#### 2025

|   | Within<br>1 year<br>RMB'000 | 1 to 2<br>years<br>RMB'000 | 2 to 5<br>years<br>RMB'000 | 5 to 10<br>years<br>RMB'000 | Over 10<br>years<br>RMB'000 | Total<br>RMB'000 |
|---|-----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|------------------|
| Trade payables  | 8,433                       | -                          | -                          | -                           | -                           | 8,433            |
| Financial liabilities included in other payables and accruals | 12,256                      | -                          | -                          | -                           | -                           | 12,256           |
| Lease liabilities (including interests to be paid)            | 4,155                       | 4,039                      | 10,935                     | 18,323                      | 25,530                      | 62,982           |
|   | <u>24,844</u>               | <u>4,039</u>               | <u>10,935</u>              | <u>18,323</u>               | <u>25,530</u>               | <u>83,671</u>    |

#### 2024

|   | Within 1 year<br>RMB'000 | 1 to 2<br>years<br>RMB'000 | 2 to 5<br>years<br>RMB'000 | 5 to 10<br>years<br>RMB'000 | Over 10<br>years<br>RMB'000 | Total<br>RMB'000 |
|---|--------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|------------------|
| Trade payables  | 4,831                    | -                          | -                          | -                           | -                           | 4,831            |
| Financial liabilities included in other payables and accruals | 6,395                    | -                          | -                          | -                           | -                           | 6,395            |
| Lease liabilities (including interests to be paid)            | 2,724                    | 2,724                      | 8,275                      | 11,442                      | 31,500                      | 56,665           |
|   | <u>13,950</u>            | <u>2,724</u>               | <u>8,275</u>               | <u>11,442</u>               | <u>31,500</u>               | <u>67,891</u>    |

# Notes to the Consolidated Financial Statements

31 December 2025

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2025.

The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes trade payables, and certain other payables and accruals, less cash and cash equivalents. Capital includes equity. The net surplus amounts as at the end of the reporting periods were as follows:

|  | 2025<br>RMB'000  | 2024<br>RMB'000 |
|--|------------------|-----------------|
| Trade payables                               | 8,433            | 4,831           |
| Other payables and accruals                  | 18,093           | 9,867           |
| Less: Cash and cash equivalents              | <u>(101,691)</u> | <u>(99,856)</u> |
| Net surplus                                  | <u>(75,165)</u>  | <u>(85,158)</u> |
| Equity attributable to owners of the Company | <u>194,010</u>   | <u>178,789</u>  |

# Notes to the Consolidated Financial Statements

31 December 2025

## 35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

|                                       | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---------------------------------------|-----------------|-----------------|
| <b>NON-CURRENT ASSETS</b>             |                 |                 |
| Property, plant and equipment         | 30,413          | 24,381          |
| Right-of-use assets                   | 36,662          | 38,661          |
| Investments in subsidiaries           | 30,531          | –               |
| Other intangible assets               | 2,594           | 502             |
| Deferred tax assets                   | 2,106           | 2,299           |
| Prepayments and other receivables     | 3,642           | 1,680           |
| Total non-current assets              | <u>105,948</u>  | <u>67,523</u>   |
| <b>CURRENT ASSETS</b>                 |                 |                 |
| Inventories                           | 4,208           | 2,983           |
| Trade receivables                     | 65,813          | 48,637          |
| Prepayments and other receivables     | 2,344           | 6,046           |
| Time deposits                         | –               | 10,000          |
| Cash and cash equivalents             | 76,123          | 99,856          |
| Amounts due from subsidiaries         | 7               | –               |
| Total current assets                  | <u>148,495</u>  | <u>167,522</u>  |
| <b>CURRENT LIABILITIES</b>            |                 |                 |
| Trade payables                        | 8,286           | 4,831           |
| Other payables and accruals           | 11,850          | 10,330          |
| Amounts due to subsidiaries           | 600             | –               |
| Lease liabilities                     | 1,268           | 1,219           |
| Tax payable                           | 2,219           | 1,534           |
| Total current liabilities             | <u>24,223</u>   | <u>17,914</u>   |
| NET CURRENT ASSETS                    | <u>124,272</u>  | <u>149,608</u>  |
| TOTAL ASSETS LESS CURRENT LIABILITIES | <u>230,220</u>  | <u>217,131</u>  |
| <b>NON-CURRENT LIABILITIES</b>        |                 |                 |
| Lease liabilities                     | 37,074          | 38,342          |

# Notes to the Consolidated Financial Statements

31 December 2025

## 35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

|                               | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-------------------------------|-----------------|-----------------|
| Total non-current liabilities | 37,074          | 38,342          |
| Net assets                    | <u>193,145</u>  | <u>178,789</u>  |
| <b>EQUITY</b>                 |                 |                 |
| Share capital                 | 33,929          | 33,929          |
| Reserves (note)               | <u>159,216</u>  | <u>144,860</u>  |
| Total equity                  | <u>193,145</u>  | <u>178,789</u>  |

Note:

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

|  | Share<br>premium<br>RMB'000 | Statutory<br>reserves<br>RMB'000 | Retained<br>profits<br>RMB'000 | Total<br>RMB'000 |
|--|-----------------------------|----------------------------------|--------------------------------|------------------|
| At 1 January 2024  | 57,322                      | 1,182                            | 20,331                         | 78,835           |
| Profit and total<br>comprehensive income<br>for the year | -                           | -                                | 16,297                         | 16,297           |
| Issue of shares  | 77,672                      | -                                | -                              | 77,672           |
| Share issue expenses                                     | (27,944)                    | -                                | -                              | (27,944)         |
| Appropriation to statutory<br>reserves                   | -                           | 1,630                            | (1,630)                        | -                |
| At 31 December 2024 and<br>1 January 2025                | 107,050                     | 2,812                            | 34,998                         | 144,860          |
| Final 2024 dividend                                      | -                           | (5,089)                          | -                              | (5,089)          |
| Profit and total<br>comprehensive income<br>for the year | -                           | 19,445                           | -                              | 19,445           |
| Appropriation to statutory<br>reserves                   | -                           | 1,945                            | (1,945)                        | -                |
| At 31 December 2025                                      | <u>107,050</u>              | <u>19,113</u>                    | <u>33,053</u>                  | <u>159,216</u>   |

# Notes to the Consolidated Financial Statements

31 December 2025

## 36. EVENTS AFTER THE REPORTING PERIOD

- (a) On 2 March 2026, the Group completed the subscription of 51% of the enlarged registered capital of Maoming Juzhou Engineering Testing Co. Ltd. (“**Juzhou Testing**”) at a consideration of RMB13,323,900. Upon completion, Juzhou Testing became a non-wholly owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.
- (b) Reference is made to the announcement of the Company dated 31 December 2025 and the circular of the Company dated 5 January 2026 in relation to, among other things, the change in use of proceeds (the “**Circular**”). On 31 December 2025, the Board resolved to change the use of the unutilised net proceeds from the Share Offer. The revised use of proceeds was approved by the shareholders of the Company by way of ordinary resolutions at the extraordinary general meeting held on 23 January 2026. Following such approval, the Company will apply the unutilised net proceeds in accordance with the revised allocation and expected timeline as disclosed in the Circular.
- (c) At the extraordinary general meeting held on 23 January 2026, the appointment of Mr. Liu Juemao as a non-executive Director of the Company was duly approved by the shareholders of the Company. Upon Mr. Liu Juemao’s appointment, the resignation of Mr. Chen Guangfu took immediate effect. For further details, please refer to the announcements of the Company dated 31 December 2025 and 23 January 2026, respectively. Save as disclosed above, there were no other material subsequent events affecting the Group after 31 December 2025 and up to the date of this annual report.

## 37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2026.

## Five Years Financial Summary

Set out below is a summary of the results and the assets and liabilities of the Group for the last five financial years as extracted from this annual report and the audited financial statements in the Prospectus of the Company dated 26 August 2024:

|  | <b>Results</b>                |                 |                 |                 |                       |
|--|-------------------------------|-----------------|-----------------|-----------------|-----------------------|
|  | <b>Year ended 31 December</b> |                 |                 |                 |                       |
|  | 2021<br>RMB'000               | 2022<br>RMB'000 | 2023<br>RMB'000 | 2024<br>RMB'000 | 2025<br>RMB'000       |
| Revenue  | 39,781                        | 19,966          | 41,500          | 55,260          | <b>81,361</b>         |
| Cost of sales                                      | 9,605                         | 8,472           | 11,719          | 20,153          | <b>29,181</b>         |
| Gross profit                                       | 30,176                        | 11,494          | 29,781          | 35,107          | <b>52,180</b>         |
| Other income and gains                             | 548                           | 417             | 620             | 5,828           | <b>1,147</b>          |
| Administrative expenses                            | 4,726                         | 6,383           | 10,157          | 17,262          | <b>18,086</b>         |
| Profit before tax                                  | 23,723                        | 3,951           | 17,734          | 22,316          | <b>28,790</b>         |
| Income tax expense                                 | 5,986                         | 1,039           | 4,480           | 6,019           | <b>6,490</b>          |
| Profit and total comprehensive income for the year | <u>17,737</u>                 | <u>2,912</u>    | <u>13,254</u>   | <u>16,297</u>   | <u><b>22,300</b></u>  |
|  | <b>Assets and liabilities</b> |                 |                 |                 |                       |
|  | <b>As at 31 December</b>      |                 |                 |                 |                       |
|  | 2021<br>RMB'000               | 2022<br>RMB'000 | 2023<br>RMB'000 | 2024<br>RMB'000 | 2025<br>RMB'000       |
| Total assets                                       | 85,734                        | 84,410          | 118,830         | 235,045         | <b>285,229</b>        |
| Total liabilities                                  | 18,746                        | 15,079          | 16,245          | 56,256          | <b>78,836</b>         |
| Total equity                                       | <u>66,988</u>                 | <u>69,331</u>   | <u>102,585</u>  | <u>178,789</u>  | <u><b>206,393</b></u> |