



天津建设发展集团股份有限公司

Tianjin Construction Development Group Co., Ltd.

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

Stock Code: 2515



Annual Report

2025

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Corporate Information

DIRECTORS

Executive Directors

Mr. Zhao Kuanghua (趙匡華) (*President*)
Ms. Guan Fengdan (關鳳丹)
Mr. Yang Youhua (楊友華)
Mr. Ni Baqun (倪拔群)
Mr. Li Kai (李凱) (*Chief Financial Officer*)
(resigned with effect from 26 January 2026)

Non-Executive Director

Mr. Wang Wenbin (王文彬) (*Chairperson*)

Independent Non-Executive Directors

Dr. Yan Bing (嚴兵)
Dr. Liu Jinlu (劉金璐)
Mr. Shiu Shu Ming (蕭恕明)

SUPERVISORS

Mr. Lu Xiaoliang (路曉亮) (*Chairperson*)
(appointed with effect from 27 January 2025)
Mr. Wang Lei (王磊)
Mr. Ren Feiyu (任飛宇)
Ms. Wang Ling (王玲)
(resigned with effect from 27 January 2025)

AUDIT COMMITTEE

Mr. Shiu Shu Ming (蕭恕明) (*Chairperson*)
Dr. Yan Bing (嚴兵)
Dr. Liu Jinlu (劉金璐)

REMUNERATION COMMITTEE

Dr. Yan Bing (嚴兵) (*Chairperson*)
Dr. Liu Jinlu (劉金璐)
Mr. Zhao Kuanghua (趙匡華)

NOMINATION COMMITTEE

Mr. Wang Wenbin (王文彬) (*Chairperson*)
Dr. Yan Bing (嚴兵)
Dr. Liu Jinlu (劉金璐)
Ms. Guan Fengdan (關鳳丹)
(appointed with effect from 29 April 2025)
Mr. Shiu Shu Ming (蕭恕明)
(appointed with effect from 29 April 2025)

AUTHORISED REPRESENTATIVES

Mr. Zhao Kuanghua (趙匡華)
(appointed with effect from 26 January 2026)
Ms. Chan Yan Lam (陳恩霖)
(appointed with effect from 26 January 2026)
Mr. Li Kai (李凱)
(resigned with effect from 26 January 2026)
Mr. Lui Wing Yat Christopher (呂穎一)
(resigned with effect from 26 January 2026)

JOINT COMPANY SECRETARIES

Mr. Zhao Kuanghua (趙匡華)
(appointed with effect from 26 January 2026)
Ms. Chan Yan Lam (陳恩霖) (ACG, HKACG)
(appointed with effect from 26 January 2026)
Mr. Li Kai (李凱)
(resigned with effect from 26 January 2026)
Mr. Lui Wing Yat Christopher (呂穎一) (ACG, HKACG)
(resigned with effect from 26 January 2026)

AUDITOR

KPMG
*Public Interest Entity Auditor registered
under the Accounting and Financial
Reporting Council Ordinance*
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

COMPLIANCE ADVISER

China Everbright Capital Limited
12/F, Everbright Centre
108 Gloucester Road
Wan Chai
Hong Kong

Corporate Information



HONG KONG LEGAL ADVISER

Tian Yuan Law Firm LLP
Suites 3304-3309, 33/F, Jardine House
One Connaught Place, Central
Hong Kong

REGISTERED OFFICE

Room 116, No. 112 Dongting Road
Tianjin Economic-Technological Development Area
Tianjin
PRC

HEAD OFFICE IN THE PRC

No. 112 Dongting Road
Economic and Technological Development Zone
Binhai New Area
Tianjin
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1918, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

H SHARE REGISTRAR

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

PRINCIPAL BANKS

Agricultural Bank of China Tianjin Hebei Road Branch
14-101, Huarongli
Binhai, Tianjin
PRC

Tianjin Binhai Huimin Village Bank Guotai Building Branch*
(天津濱海惠民村鎮銀行國泰大廈支行)
Block C, Guotai Building
Tianjin Pilot Free Trade Zone
Tianjin
PRC

COMPANY WEBSITE

www.tjcdg.com

STOCK CODE

2515

Financial Highlights

	Year ended 31 December			
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	287,960	319,437	302,501	244,392
Gross Profit	72,595	80,306	75,351	17,670
Profit and total comprehensive income for the year attributable to equity shareholders of the Company	35,090	41,045	21,750	(48,535)

	As at 31 December			
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	432,119	556,422	710,355	649,776
Total liabilities	275,220	331,235	381,479	369,435
Total equity	156,899	225,187	328,876	280,341

	Year ended 31 December			
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Net cash generated from/(used in) operating activities	11,150	(33,600)	(103,073)	35,625

Chairman's Statement



Dear shareholders:

I hereby present the performance of our Group's construction business in 2025 together with our future outlook. The year 2025 marks the second year of the listing of our H Shares on the Hong Kong Stock Exchange and is a pivotal year for our business expansion.

OPERATIONAL REVIEW

The year of 2025 presents significant challenges for construction enterprises. Recently, we have experienced a relatively slower tendering process for our construction business which adversely affected our financial performance for FY2025 and may continue to adversely affect our financial position in the future. In light of the challenging and complex industry conditions, we remain committed to maintaining a prudent and proactive operational approach. We believe it is crucial to leverage our research and development capabilities in the construction sector, implement our self-developed Jiexiao System, and enforce strict cost control on projects.

The year of 2025 marks the second year of the listing of our H Shares on the Hong Kong Stock Exchange and is a pivotal year for our business expansion. As China's urbanisation strategy progresses, the construction industry is expected to see increased demand, presenting us with both opportunities and challenges. 2025 is a crucial year for the implementation of China's "Five-Year Action Plan for Human-Centered New Urbanization". Key initiatives, such as renovating old urban communities, accelerating the construction of affordable housing, enhancing urban flood management, implementing urban lifeline safety projects, and promoting the development of green smart cities, will create more market opportunities in the construction sector. We aim to leverage our established reputation in Tianjin's construction industry, utilising our brand and industry experience to seize market opportunities and further increase our market share. Meanwhile, we believe that by expanding our construction business outside Tianjin, actively developing the petrochemical sector, and exploring diverse cooperation and business models, we will support our future growth and development.

FUTURE PROSPECTS

The year of 2026 marks a pivotal milestone in the Company's development journey. Facing a new market environment and industry trends, we will further intensify our market expansion efforts, actively exploring emerging domestic and international markets while consolidating our existing market share. Tailored market strategies will be formulated to address the unique characteristics and customer demands of different regions, enhancing our market responsiveness and service quality.

In the domestic market, we will strengthen strategic partnerships with leading enterprises, deepen our understanding of industry needs, and expand our business scope. We will actively participate in national key projects, leveraging policy tailwinds to elevate our brand recognition and market influence. Concurrently, we will enhance collaboration with local governments to facilitate the implementation of our business across regions, contributing to local economic development. For the international market, we will focus on expanding our presence in Southeast Asian countries and regions. Efforts will be made to strengthen our global marketing network and enhance overseas operational capabilities. By fostering partnerships with internationally renowned enterprises, we aim to acquire advanced technologies and management expertise, thereby elevating the Company's global competitiveness.

Efficient operational management remains a cornerstone of the Company's sustainable development. We will accelerate digital transformation by advancing our IT infrastructure and further refining our Jiexiao System to achieve digital and automated business process management. Through data analytics and mining, we will provide scientific decision-making support, improving the precision of our operational management.

In 2026, we will establish a new company with the funds raised through the share placement to build a mechanical leasing platform. The new company will primarily provide digital management services for the whole process of leasing construction machinery and equipment with its self-developed AI product by leveraging the Internet and AI technology to establish a standardized, electronic platform. This will generate synergies with the Company's existing businesses. Furthermore, the Company will timely explore potential investment opportunities in the market, focusing on technology startups, actively empowering the Company's traditional core business while simultaneously developing new growth drivers for the Company's performance.

Wang Wenbin

Chairman and non-executive Director

8 April 2026

Management Discussion and Analysis

MARKET OVERVIEW

According to Frost & Sullivan, the construction industry has long been one of the pillar industries in the PRC, it plays a significant role in the national development. The role of the construction industry as a pillar industry of the national economy has been continuously strengthened and has made great contributions to promoting economic growth in recent years. As a major part of the construction industry, the market size in terms of investment in fixed assets for municipal public construction in the PRC represents the total social investment in urban construction, and it grew rapidly from RMB2,314.9 billion in 2018 to RMB2,660.1 billion in 2022, and is expected to rise to RMB3,776.2 billion in 2027, representing a CAGR of 7.3% from 2022 to 2027, supported by policy and the development of the construction industry. In addition, as a city with well-established infrastructure and high environmental quality, Tianjin is expected to witness a rapid development from 2023 to 2027. The market size of municipal public construction in Tianjin is predicted to reach RMB71.2 billion in 2027, representing a CAGR of 9.2% from 2022 to 2027.

GROUP OVERVIEW

We are a construction group based in Tianjin which offers comprehensive construction services. We primarily focus on construction business, comprising (i) municipal public construction works, which mainly include road construction and traffic facilities construction; (ii) foundation works, which mainly include foundation construction and earthworks; (iii) building construction related works which mainly include building renovation and decoration and intelligent building construction; and (iv) petrochemical engineering works, which mainly include filling station upgrading and renovation, pipe installation and oil tank overhaul projects. Our customers mainly include government authorities, state-owned enterprises and private enterprises. We are committed to the application of our self-developed Jiexiao System, a comprehensive construction management software equipped with multiple functions including cost monitoring, progress measuring and resources tracking, to provide quality construction services to our customers.

We have well-established reputation in the construction industry in Tianjin with an operating history of more than a decade. Leveraging our brand and industry experience, we aim to capture more market share in the relevant markets. Capitalizing on our industry experience and quality services, we conducted 55 construction projects and served 44 customers during the Reporting Year. As at 31 December 2025, we had a total of 61 ongoing projects (including projects in progress and projects undertaken by us but not yet commenced) with a total contract amount (excluding variation orders) of approximately RMB643.3 million. The aggregated amounts of the transaction price allocated to the remaining performance obligations under the Group's existing construction contracts were RMB199.9 million.

Management Discussion and Analysis

BUSINESS OVERVIEW

The services we provide can be broadly divided into four business types in terms of their nature, namely (i) municipal public construction works; (ii) foundation works; (iii) building construction related works; and (iv) petrochemical engineering works. We have also unified and centralized management of our Group's construction projects by applying our self-developed management software, thereby helping to enhance the cost efficiency of our Group.

Municipal public construction works

Our municipal public construction works mainly included road construction and traffic facilities construction. The customers of our municipal public construction works are mainly government authorities and state-owned enterprises. During the Reporting Year, we were awarded 7 municipal public construction projects. As at 31 December 2025, we had 18 ongoing municipal public construction projects.

Foundation works

We provide foundation works services, which mainly included foundation construction and earthworks. We have first-grade qualification in foundation construction professional contracting* (地基基礎工程專業承包一級資質). Our customers for foundation works are mainly state-owned enterprises and private enterprises. During the Reporting Year, we were awarded 7 foundation works projects. As at 31 December 2025, we had 10 ongoing foundation works projects.

Building construction related works

We provide building construction related works services, mainly including building renovation and decoration and intelligent building construction. Our customers for building construction related works are mainly government authorities, state-owned enterprises and private enterprises. During the Reporting Year, we were awarded 35 building construction related projects. As at 31 December 2025, we had 26 ongoing building construction related projects.

Petrochemical engineering works

We provide petrochemical engineering works services^{Note}, which refer to construction works involving petrochemical processes or petrochemical plants, and we mainly undertook filling station upgrading and renovation, pipe installation and oil tank overhaul projects during the Track Record Period. We have the first-grade qualification in petrochemical engineering construction general contracting* (石油化工工程施工總承包一級資質). Our customers for petrochemical engineering work re mainly state-owned enterprises. During the Reporting Year, we were newly awarded 6 petrochemical engineering projects. As at 31 December 2025, we had 7 ongoing petrochemical engineering projects.

Note: According to the Qualification Standards of Construction Enterprises (《建築業企業資質標準》) for construction industry enterprises, petrochemical engineering refers to main projects (such as oil and gas field surface, oil and gas storage and transportation (pipelines, storage warehouses, etc.), petrochemical, chemical and coal chemical), supporting engineering and production ancillary works.

Management Discussion and Analysis

OUTLOOK

The year 2025 presents significant challenges for construction enterprises. Recently, we have experienced a relatively slower tendering process for our construction business, which adversely affected our financial performance for FY2025 and may continue to adversely affect our financial position in the future. In light of the challenging and complex industry conditions, we remain committed to maintaining a prudent and proactive operational approach. We believe it is crucial to leverage our research and development capabilities in the construction sector, implement our self-developed Jiexiao System, and enforce strict cost control on projects.

The year 2026 is a pivotal year for our business expansion.

As China's urbanisation strategy progresses, the construction industry is expected to see increased demand, presenting us with both opportunities and challenges. Key initiatives, such as renovating old urban communities, accelerating the construction of affordable housing, enhancing urban flood management, implementing urban lifeline safety projects, and promoting the development of green smart cities, will create more market opportunities in the construction sector. We aim to leverage our established reputation in Tianjin's construction industry, utilising our brand and industry experience to seize market opportunities and further increase our market share.

Meanwhile, we will establish a new company with the funds raised through the share placement to build a mechanical leasing platform. The new company will primarily provide digital management services for the whole process of leasing construction machinery and equipment with its self-developed AI product by leveraging the Internet and AI technology to establish a standardized, electronic platform. This will generate synergies with the Company's existing businesses. Furthermore, the Company will timely explore potential investment opportunities in the market, focusing on technology startups, actively empowering the Company's traditional core business while simultaneously developing new growth drivers for the Company's performance.

Management Discussion and Analysis

FINANCIAL REVIEW

The Group generated revenue predominantly from our construction business. During FY2025, our total revenue amounted to approximately RMB244.4 million, representing a decrease of approximately RMB58.1 million or 19.2% from approximately RMB302.5million for FY2024, which was mainly due to the slowdown in the development of the construction industry in Tianjin and intensified competition, as well as a decrease in the average contract value of construction projects compared with FY2024.

The following table sets forth a breakdown of revenue by types of construction services for the years indicated:

	Year ended December 31,			
	2025		2024	
	Revenue (RMB in thousands, except for percentages)	% of total revenue	Revenue (RMB in thousands, except for percentages)	% of total revenue
Municipal public construction works	28,769	11.8	70,692	23.4
– Traffic facilities construction	5,843	2.4	21,160	7.0
– Road construction	22,926	9.4	49,532	16.4
Foundation works	26,401	10.8	100,097	33.1
– Foundation construction	25,948	10.6	96,326	31.8
– Earthwork	453	0.2	3,771	1.3
Building construction related works	179,410	73.4	92,666	30.6
Petrochemical engineering works	9,291	3.8	38,952	12.9
Other⁽¹⁾	521	0.2	94	0.0
Total	244,392	100.0	302,501	100.0

Note:

- (1) For the Reporting Year, our other income consisted of consulting and design service fees and tender fees. For the previous year, other income included service income arising from the provision of software services (namely, the usage of the Jiexiao System).

Management Discussion and Analysis

Municipal public construction works

During FY2025, our revenue derived from municipal public construction works amounted to approximately RMB 28.8 million, representing a decrease of approximately RMB41.9 million, or approximately 59.3%, from approximately RMB70.7 million for FY2024. This was mainly due to the decrease of contract value of road and transportation infrastructure projects undertaken during the Reporting Year.

Foundation works

During FY2025, our revenue derived from foundation works amounted to approximately RMB26.4 million, representing a decrease of approximately RMB73.7 million, or approximately 73.6%, from approximately RMB100.1 million for FY2024. This was mainly due to the completion of the specialized subcontracting works for the Jinbintang (Gua) 2023-4 plot project (津濱塘(掛)2023-4號地塊項目), as well as the decrease in the contract value of foundation engineering projects undertaken during the Reporting Year.

Building construction related works

During FY2025, our revenue derived from building construction related works amounted to approximately RMB179.4 million, representing an increase of approximately RMB86.7 million, or approximately 93.5%, from approximately RMB92.7 million for FY2024. This was mainly due to the undertaking of a higher number of building construction related projects during the Reporting Year, among which revenue of approximately RMB 86.0 million was recognized in the year from the infrastructure upgrade project at the Gaoyou Economic Development Zone Industrial Park.

Petrochemical engineering works

During FY2025, our revenue derived from petrochemical engineering works amounted to approximately RMB9.3 million, representing a decrease of approximately RMB29.7 million, or approximately 76.2%, from approximately RMB39.0 million for FY2024. This was mainly due to the decrease of the contract value of petrochemical engineering projects undertaken during the Reporting Year.

Other

During FY2025, our revenue derived from other business activities amounted to approximately RMB0.5 million, representing an increase of approximately RMB0.4 million, or approximately 400%, from approximately RMB0.1 million for FY2024. This was mainly due to the increase in technical service income during the current period.

Cost of Sales

During FY2025, the Group's cost of sales was approximately RMB226.7 million, representing a decrease of approximately RMB0.5 million, or approximately 0.2%, from approximately RMB227.2 million for FY2024.

Gross Profit and Gross Profit Margin

As a result of the above, gross profit decreased by approximately RMB57.7 million or approximately 76.5% from approximately RMB75.4 million for FY2024 to approximately RMB17.7 million for FY2025. Gross profit margin decreased from approximately 24.9% for FY2024 to approximately 7.2% for FY2025.

Management Discussion and Analysis

Operating and Administrative Expenses

The operating and administrative expenses of the Group mainly consist of research and development (“R&D”) costs, staff costs, depreciation of property, plant and equipment, office costs, entertainment and travel expenses, utility fee and others. During FY2025, the Group’s operating and administrative expenses amounted to approximately RMB34.3 million, representing a decrease of approximately RMB4.2 million, or approximately 10.9%, from approximately RMB38.5 million for FY2024, mainly due to the decrease in professional service fees incurred in connection with the Global Offering in FY2024.

Impairment Losses on Trade Receivables, Lease Receivables, Other Receivables and Contract Assets

During FY2025, the Group recorded an impairment losses on trade receivables, lease receivables and other receivables and contract assets of approximately RMB27.2 million, representing an increase of approximately RMB12.6 million or 86.3%, from approximately RMB14.6 million for FY2024, which was mainly due to the increase in contract assets with extended aging led to a corresponding rise in impairment losses.

Finance Cost

Our finance cost mainly consists of interest on bank loans and other borrowings. During FY2025, the Group’s finance costs amounted to approximately RMB0.7 million, representing a decrease of approximately RMB0.9 million as compared to RMB1.6 million for FY2024. Such decrease was mainly due to the decrease in bank loans during the Reporting Year.

Income Tax Expense

During FY2025, the Group recorded income tax expense of approximately RMB3.3 million, while the income tax expense for FY2024 was approximately RMB2.2 million. This was mainly due to the reversal of deferred tax assets during the Reporting Year.

Net (loss)/Profit

As a result of the foregoing, the net (loss)/profit of the Company decreased by approximately RMB70.3 million or 322% from approximately RMB21.8 million for FY2024 to approximately RMB-48.5 million for FY2025.

Liquidity, Financial Resources, Capital Structure, Funding and Treasury Policy

As of 31 December 2025, the Group’s cash and cash equivalents amounted to approximately RMB25.9 million. The Group monitors and maintains cash and cash equivalents to a level that management believes to be sufficient to meet the Group’s operating needs.

As of 31 December 2025, the Group had current assets of RMB583.3 million (31 December 2024: RMB640.3 million), representing a decrease of approximately RMB57.0 million, mainly due to the decrease of approximately RMB53.2 million in trade receivables. The Group had current liabilities of RMB366.0 million (31 December 2024: RMB379.2 million), representing a decrease of approximately RMB13.2 million mainly due to debt repayment. The current ratio was 1.6 at 31 December 2025 as compared with 1.7 at 31 December 2024, equals to total current assets divided by total current liabilities as of the end of the Reporting Year.

As of 31 December 2025, the Group’s indebtedness decreased from approximately RMB43.1 million as at 31 December 2024 to approximately RMB22.3 million as at 31 December 2025. Our gearing ratio decreased from approximately 12.2% as at 31 December 2024 to approximately 6.2% as at 31 December 2025, mainly due to a decline in bank loans. As of 31 December 2025, the Group had bank loans of RMB17.5 million (31 December 2024: RMB40.0 million).

Management Discussion and Analysis

The Group has adopted a policy to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Board closely monitors and manages, among other things, the level of trade and bills receivables and contract assets to that of the trade and bills payables, and the settlement rate of trade and bill payables, diligently reviews cash flow requirements and assesses the Group's ability to meet debt repayment schedule and adjust the Group's investment and financing to ensure the sufficiency working capital.

The H Shares have been listed on the Stock Exchange since the Listing Date.

H Share Full Circulation

On 27 May 2025, the Company completed the conversion of 161,844,749 unlisted Shares into 161,844,749 H Shares. The listing of the converted H Shares on the Stock Exchange commenced at 9:00 a.m. on 28 May 2025. The share capital of the Company had since then comprised only H Shares. For details of the H Share full circulation, please refer to the Company's announcements dated 3 December 2024, 7 March 2025, 28 April 2025 and 27 May 2025. As at 31 December 2025, the Company had a total number of 215,794,749 H Shares in issue.

Adoption of a No-par Value Share System

To enhance operational flexibility in financing and share capital structure, the Board proposed to adopt a no-par value share system in accordance with the applicable PRC law. The adoption of a no-par value share system was approved at the extraordinary general meeting of the Company on 28 November 2025 by way of a special resolution and took effect on 1 December 2025.

Placing of New Shares under General Mandate

On 11 February 2026, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent had conditionally agreed to procure the placing of a maximum of 43,158,000 Placing Shares, the Placing was completed on 9 March 2026. For details, please refer to the Company's announcements dated 11 February 2026, 23 February 2026 and 9 March 2026.

Employees and Remuneration Policies

As of 31 December 2025, we had 147 full-time employees, all of whom were located in the PRC (31 December 2024: 110 employees). The following table sets out the number of employees of our Group by job function as at 31 December 2025:

Functions	Number of employees
General management	13
Project department ⁽¹⁾	72
Marketing department	9
Procurement department	4
Finance department	3
Safety and environmental protection department	0
R&D department	35
Human resources and administrative department	9
Business contract department	2
Total	147

Note:

(1) Our project department consists of, among others, three project teams and a project management team.

Management Discussion and Analysis



The Group engages subcontractors to provide labour services for our construction projects and generally does not employ any construction workers. Employees were generally recruited from the open market by placing job advertisements. The Group offers competitive remuneration packages to our employees and provides regular and ad-hoc training courses for the employees to ensure their competency and to keep them abreast of the latest developments and best practices in the industry so as to enhance their performance. During FY2025, the total staff costs incurred were approximately RMB18.6 million (FY2024: RMB19.8 million).

As part of our human resources strategies, we are committed to establishing a competitive and fair remuneration and benefits system. Compensation for our employees typically consists of remuneration and performance-based bonus. In terms of performance and remuneration, the Group conducts monthly and annual appraisals of employees based on the Performance Management System (績效管理制度) and the Measures for the Assessment of the Completion of Work Tasks (工作任務完成情況考核辦法), and the appraisal results will directly affect the amount of the employee's performance-based wages and future salary adjustments. We also make contributions to social welfare contribution for our employees, including basic pension, medical, unemployment, work injury and maternity insurance in accordance with relevant PRC laws and regulations. All employees work five days per week and are provided with welfare leaves such as marriage leave, maternity/paternity leave, paid annual leave and medical treatment period for sickness or non-work-related injuries, in addition to statutory holidays. Meanwhile, the Group also carries out a variety of employee care activities, including: (i) annual meeting, monthly birthday parties and staff reunion activities; (ii) basketball game, photo contest, badminton match, essay competition and other recreational and sports activities; and (iii) additional leave for female employees and employees with children under 14 years of age on Women's Day and Children's Day, respectively.

Our Group provides necessary induction training and timely on-the-job training for its employees based on its business needs to help them to be competent for professional and technical skills work and daily project work management. Our Group encourages its employees to become multi-talented and to achieve diversified growth through professional skills advancement training, cross-field skills training, and middle and senior management skills training.

Trade Receivables

As of 31 December 2025, the Group's trade receivables amounted to approximately RMB237.8 million, representing a decrease of approximately RMB53.2 million from approximately RMB291.0 million as of 31 December 2024, mainly due to higher project collections during the Reporting Year.

Trade and Bills Payables

As of 31 December 2025, the Group's trade and bills payables amounted to approximately RMB316.7 million, representing an increase of approximately RMB17.9 million from approximately RMB298.8 million as of 31 December 2024, mainly due to a slowdown in payments during the year, which was caused by the increase in accounts payable as a result of the infrastructure upgrade project at the Gaoyou Economic Development Zone Industrial Park.

Management Discussion and Analysis

Prepayments, Deposits and Other Receivables

As of 31 December 2025, the Group's prepayments, deposits and other receivables amounted to approximately RMB20.6 million, representing a decrease of approximately RMB2.9 million, from approximately RMB23.5 million as of 31 December 2024, mainly due to the decrease in deposits for construction contracts' bidding and performance.

Capital Expenditures

During the Reporting Year, the Group's capital expenditures amounted to approximately RMB3.2 million, which primarily consist of expenditures on acquisitions of property and procurement of plants and equipment in the course of our operation. We funded our capital expenditure requirements during the Reporting Year mainly from cash generated from operating activities.

CHARGE OF ASSETS

As at 31 December 2025, the Group did not pledge any assets as collateral for bank borrowings or any other financing activities (31 December 2024: Nil).

CONTINGENT LIABILITIES

Details of the Group's contingent liabilities as at 31 December 2025 are set out in Note 29 in the section headed "Notes to the Consolidated Financial Statements" in this annual report.

SHARE PLEDGE

During the Reporting Year, there was no pledge by our Controlling Shareholders of their interests in the Shares to secure the Company's debts or to secure guarantees or other support of its obligation before the Listing.

BORROWING AND GEARING RATIO

As of 31 December 2025, the Group had interest-bearing bank loans of approximately RMB17.5 million (31 December 2024: RMB40.0 million).

As of 31 December 2025, our gearing ratio, calculated as total bank loans divided by total equity as of the end of the Reporting Year, was approximately 6.2% (31 December 2024: 12.2%).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the year ended 31 December 2025, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2025, save as disclosed in the section headed "Use of Proceeds" in this annual report, we did not have plans for material investments and capital assets.

Management Discussion and Analysis



EXPOSURE TO FLUCTUATIONS IN FOREIGN EXCHANGE RATES

The Group's business operations are conducted in the PRC with most of the transactions settled in RMB, being the Group's functional currency. The Board considers that the Group's business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group that are denominated in currencies other than the respective functional currencies of the Group's entities.

During the Reporting Year, the Group neither took part in any derivatives activities nor entered into any hedging activities in respect of foreign exchange risk.

SHARE SCHEME

During the year ended 31 December 2025, the Group did not have share scheme.

SIGNIFICANT INVESTMENT AND MATERIAL EVENT DURING THE REPORTING YEAR

Save as disclosed in this annual report, the Board is not aware of any significant investment and events which could have a material impact on our operating and financial performance during the year ended 31 December 2025.

Biographies of Directors, Supervisors and Senior Management

Below are the brief profiles of our current Directors, Supervisors and senior management.

DIRECTORS

The Board currently comprises eight Directors, of which four are executive Directors, one is non-executive Director and three are independent non-executive Directors.

Executive Directors

Mr. Zhao Kuanghua (趙匡華), aged 42, has been the president and an executive Director since January 3, 2019 and is primarily responsible for the overall strategic planning and the overall management and operation of our Group. Mr. Zhao joined our Group in January 2018 as vice president and was responsible for the day-to-day management and operations of the Company. Mr. Zhao has over a decade of experience in the construction engineering industry.

Mr. Zhao served as the deputy division manager of the engineering department of CCCC Tianjin Dredging Co., Ltd.* (中交天津航道局有限公司), a company primarily engaged in civil-engineering construction from April 2008 to April 2011. Mr. Zhao then served as the project manager of Tianjin Binhai New Area Jiang Sheng Yuan Construction Engineering Development Co., Ltd.* (天津濱海新區江盛源建築工程發展有限公司) (currently known as Jiangshengyuan Construction Co. Ltd.* (江盛源建設有限公司)), a company primarily engaged in the housing construction industry, from May 2011 to June 2013, where he was responsible for the management of engineering projects. Mr. Zhao was the technical adviser of Tianjin Jirun Petroleum Shipping Service Co., Ltd.* (天津濟潤石油海運服務有限公司), a company primarily engaged in the water transportation industry, from June 2013 to June 2014, mainly responsible for providing technical consultation for projects. He was also a manager of business planning of Jiangshengyuan Construction Co., Ltd.* (江盛源建設有限公司) from June 2014 to December 2017, where he was responsible for marketing and operations work. Mr. Zhao also served as a supervisor of Jiangshengyuan Construction Co., Ltd.* from April 2018 to January 2019.

Mr. Zhao obtained his bachelor's degree in management major in construction management from Tianjin University of Technology* (天津理工大學) in the PRC in January 2010. Mr. Zhao has been serving as the vice president of Gansu Tianjin Chamber of Commerce* (甘肅天津商會副會長) in 2020 and a member of the 4th Chinese People's Political Consultative Conference Committee of Tianjin Binhai New Area* (天津市濱海新區第四屆政協委員) in November 2021. Mr. Zhao completed a course for Leading Talent in the Management of Small and Medium-Sized Enterprises* (中小型企業經營管理領軍人才) by the Talent Exchange Center of the Ministry of Industry and Information Technology* (工業和信息化部人才交流中心) in the PRC in March 2021. In addition, Mr. Zhao was also recognized as a new entrepreneur by the Tianjin Municipal Party Committee Talent Office* (天津市委人才辦公室) in October 2021 and an outstanding entrepreneur by the Binhai Talent Working Group* (濱海新區人才工作小組) in January 2022.

Biographies of Directors, Supervisors and Senior Management

Ms. Guan Fengdan (關鳳丹), aged 47, has accumulated extensive experience in corporate management, particularly in human resources, administration, and operations management. From July 2005 to May 2008, she served as the office director at Tianjin Bico Petroleum Equipment Engineering Co., Ltd.* (天津市畢科石油設備工程公司), where she was responsible for overseeing office administration. From June 2008 to December 2022, she served successively as the human resources and administration manager and the general manager at Jiangshengyuan Construction Co., Ltd.* (江盛源建設有限公司). From January 2023 to June 2024, Ms. Guan served as the deputy general manager at Tianjin Shengshi Pengda Ocean Engineering Co., Ltd.* (天津晟世鵬達海洋工程有限公司), focusing on the company's daily operational management. Since July 2024, she has been the vice president and the human resources director of the Company, where she is responsible for corporate management-related matters.

Ms. Guan earned a bachelor's degree in human resource management from Tianjin Normal University in June 2016.

Mr. Yang Youhua (楊友華), aged 36, is an executive Director, the president assistant and the manager of the marketing department of our Company. He is mainly responsible for making decisions on the day-to-day operation of the Group, and overseeing market development and market expansion of the business of the Group. Mr. Yang has over 10 years of experience in the field of construction engineering. Before joining the Group, Mr. Yang successively served as project technician and project technical director at the municipal public constructions branch office of Tianjin Dagang Oil Field Group Engineering Construction Co., Ltd.* (天津大港油田集團工程建設有限責任公司), a company primarily engaged in the housing construction industry, from July 2012 to April 2019, where he was primarily responsible for onsite technology guidance and work plan formulation. Mr. Yang joined our Company in April 2019 and served as production manager from April 2019 to March 2021. He also served as the president assistant from March 2021 to March 2022. Since March 2022, Mr. Yang has been the Company's manager of the marketing department.

Mr. Yang studied civil engineering at Harbin University (哈爾濱學院) and graduated in June 2012 with a bachelor's degree.

Mr. Ni Baqun (倪拔群), aged 40, is an executive Director, a president assistant and the manager of the procurement department of our Company, and is primarily responsible for making decisions on the day-to-day operation of the Group, and overseeing the quality and compliance of construction projects. Mr. Ni has over 13 years of experience in the construction engineering industry.

From August 2009 to October 2018, Mr. Ni served for positions such as the production manager and project manager, where he was responsible for project engineering management, at Tianjin Development Zone Hengji Construction Engineering Co., Ltd.* (天津開發區恆基建設工程有限公司), a company primarily engaged in building decoration, and other construction works. Mr. Ni joined the Group in October 2018 and served as the project manager of our Company. From March 2022 to February 2023, Mr. Ni served as the manager of the engineering management department of our Company. Since February 2023, Mr. Ni has been serving as the manager of the procurement department of our Company, primarily responsible for material procurement of our Group. Mr. Ni was further appointed as an executive Director and a president assistant in June 2023.

Mr. Ni received his graduate diploma in project budgeting from Tianjin University (天津大學) in the PRC in January 2012.

Biographies of Directors, Supervisors and Senior Management

Non-executive Director

Mr. Wang Wenbin (王文彬), aged 52, has been the chairperson of the Board and a non-executive Director of our Company since June 2023. He is also the founder of our Group. Mr. Wang has more than 12 years of experience in the construction industry and is primarily responsible for providing professional opinion and judgment to the Board. Mr. Wang is the executive director of Yujiacheng and Tianjin Zhongjianke.

Mr. Wang worked in Tianjin Guangde Machinery Equipment Manufacturing Co., Ltd.* (天津市廣德機械設備製造有限公司), a company primarily engaged in the manufacturing of general equipment, from January 1993 to December 2009, primarily responsible for participating in the production and operation of the company. Mr. Wang was the executive director and the manager of our Company from November 2010 to January 2019.

Mr. Wang completed his secondary education in Tianjin, the PRC.

Independent non-executive Directors

Dr. Yan Bing (嚴兵), aged 48, was appointed as our independent non-executive Director in June 2023.

Dr. Yan has been the vice dean of the School of Economics at Nankai University (南開大學經濟學院) since November 2022, and has been the director of the Institute of International Economics since November 2021. Dr. Yan has served as a professor and PhD supervisor since January 2018, with the main responsibility of postgraduate training and management. Dr. Yan has published over 20 papers in the journals listed in the Chinese Social Sciences Citation Index.

Dr. Yan obtained a doctoral degree in global economics from the Institute of International Economics at Nankai University (南開大學國際經濟研究所) in the PRC in July 2004.

Dr. Yan served as an independent non-executive director of Standard Development Group Limited (formerly known as LKS Holding Group Limited) (Stock Code: 1867), a company listed on the Main Board of the Hong Kong Stock Exchange from 9 June 2021 to 30 September 2025.

Dr. Liu Jinlu (劉金璐), aged 52, has held various significant roles in the field of construction. From April 1999 to December 2001, he worked as an officer in the Construction Management Section and the Planning Section of the Construction and Transportation Bureau of Tianjin Economic-Technological Development Area* (天津經濟技術開發區建設和交通局). From December 2001 to December 2003, he served as the head of the Key Projects Construction Office of Tianjin Economic-Technological Development Area* (天津經濟技術開發區重點項目建設辦公室). From December 2003 to July 2009, Dr. Liu held several positions within the Construction and Transportation Bureau of Tianjin Economic-Technological Development Area* (天津經濟技術開發區建設和交通局), including deputy section chief of the construction management section, deputy section chief of the planning section, deputy director of the office, and section chief of the construction management section. From July 2009 to March 2018, he served as the director of the Planning and Construction Bureau of Tianjin Economic-Technological Development Area (Southern District Industrial Zone)* (天津經濟技術開發區(南港工業區)規劃建設局). From January 2020 to October 2023, Dr. Liu served as the Supervisor of Tianjin TEDA Industrial Management Group Co., Ltd.* (天津泰達產業管理集團有限公司).

Dr. Liu earned a Ph.D. in management science and engineering, specializing in financial engineering, from Tianjin University in February 2007. Before that, he obtained a master's degree in structural engineering, focusing on foundation engineering, from Tianjin University in March 1999. He also obtained a bachelor's degree in structural engineering from Tianjin University in July 1996.

Biographies of Directors, Supervisors and Senior Management

Mr. Shiu Shu Ming (蕭恕明), aged 56, has more than 20 years of experience in corporate finance, mergers and acquisitions, initial public offerings, and fundraising exercises in various ventures and projects with a deal portfolio covering private entities, PRC state-owned enterprises and publicly listed companies in Hong Kong, the PRC, and Indonesia. In addition to his experience in corporate finance, Mr. Shiu also has extensive management experience in healthcare services. He has been serving as the executive director of Hong Kong Medical Consultants Limited (中卓醫務有限公司), a Hong Kong-based integrated medical specialists' group, since October 2018.

Mr. Shiu served as a non-executive director of Orient Securities International Holdings Limited (Stock Code: 8001), a company listed on the GEM of the Hong Kong Stock Exchange from June 2022 to July 2022 and was subsequently served as an executive director from July 2022 to November 2025. Mr. Shiu also held positions as a non-executive director and an executive director at Golden Century International Holdings Group Limited (Stock Code: 0091), a company listed on the Main Board of the Hong Kong Stock Exchange and Town Health International Medical Group Limited (Stock Code: 3886), a company listed on the Main Board of the Hong Kong Stock Exchange from March 2020 to September 2021 and from November 2022 to June 2023, respectively. Mr. Shiu served as a non-executive director of Oriental Payment Group Holdings Limited (Stock Code: 8613), a company listed on the GEM of the Hong Kong Stock Exchange from December 2021 to July 2025, and served as a non-executive director of Allegro Culture Limited (former known as Kingkey Intelligence Culture Holdings Limited) (Stock Code: 0550), a company listed on the Main Board of the Hong Kong Stock Exchange since January 2023 until September 2023. In addition, he served as an independent non-executive director of Amrita Global Development Limited (former known as Tianyun International Holdings Limited) (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 6836) from April 2022 to January 2025.

Mr. Shiu obtained a bachelor's degree in accountancy from the City University of Hong Kong (formerly known as City Polytechnic of Hong Kong) in 1993 and is a member of the Hong Kong Institute of Certified Public Accountants and was recognized as a member of the Association of Chartered Certified Accountants in October 2002.

Confirmation of Independence from Independent Non-executive Directors

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

Biographies of Directors, Supervisors and Senior Management

SUPERVISORS

Our supervisory committee currently consists of three Supervisors, among which one of them is the chairman to the supervisory committee.

Mr. Lu Xiaoliang (路曉亮), aged 43, has been our chairman of the supervisory committee of our Company since January 2025. Mr. Lu has accumulated extensive experience in the real estate and construction sectors. From July 2015 to November 2017, he served as the project chief engineer at Tianjin Construction Engineering General Contracting Co., Ltd.* (天津市建工工程總承包有限公司). From March 2017 to March 2019, he held the position of engineering supervisor at New Xiangyang Country Garden Phoenix Bay Real Estate Co., Ltd.* (新鄉碧桂園鳳凰灣置業有限公司). From March 2019 to October 2020, he served as the engineering manager at Tianjin Jinbaoyin Real Estate Development Co., Ltd. (天津金保銀房置業有限公司). From October 2020 to February 2023, he served as the engineering manager at Shijiazhuang Longxi Real Estate Development Co., Ltd.* (石家莊隆璽房地產開發有限公司). Since February 2023, Mr. Lu has been the project manager at the Company, where he is responsible for the overall management and execution of construction projects.

Mr. Lu earned a bachelor's degree in land resource management from Tianjin Chengjian University in July 2010, and subsequently obtained a master's degree in management from the same university in July 2015.

Mr. Wang Lei (王磊), aged 42, joined the Group in November 2023 and serves as a manager of the commercial contract department of the Company. He previously served as a technician, head of the project management department, head of the management department and vice chief economist of MCC Tiangong Group Corporation Limited Urban Construction Branch (中冶天工集團有限公司城市建設分公司) from July 2006 to June 2007, July 2007 to July 2015, August 2015 to July 2017 and August 2017 to January 2020 respectively; the vice general manager of Tianjin Baoqing Technology Co., Ltd. (天津市保慶科技有限公司) from February 2020 to September 2022; and the vice general manager of Zhongheng Xiangjia (Tianjin) Construction Co., Ltd. (中恒祥嘉(天津)建設有限公司) from October 2022 to October 2023.

Mr. Wang has obtained a bachelor's degree in civil engineering from Hebei University of Technology (河北工業大學) in July 2006.

Mr. Ren Feiyu (任飛宇), aged 32, joined the Group in August 2023 and serves as a manager of the human resources department of the Company. He previously served as a head of the human resources department of Wisest (Beijing) Management Consulting Co., Ltd. (萬仕道(北京)管理諮詢有限責任公司) from July 2015 to January 2018; a manager of the human resources department of Tianjin Feibaiwei Catering Management Co., Ltd. (天津市沸百味餐飲管理有限公司) from February 2018 to March 2021; and a manager of the human resources department of Tianjin Feifan Conference Services Co., Ltd. (天津市飛梵會議服務有限公司) (formerly known as Tianjin Qice Human Resources Co., Ltd. (天津市企策人力資源有限公司)) from March 2021 to July 2023.

Mr. Ren obtained a bachelor's degree in industrial engineering from Tianjin University of Technology (天津理工大學) in July 2015.

Biographies of Directors, Supervisors and Senior Management

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management operations of our Group. For the biographical details of Mr. Zhao Kuanghua, Ms. Guan Fengdan, Mr. Yang Youhua and Mr. Ni Baqun, please see the paragraphs headed “Directors – Executive Directors” in this section.

JOINT COMPANY SECRETARIES

Mr. Zhao Kuanghua (趙匡華), aged 42, was appointed as one of our joint company secretaries on 26 January 2026. Mr. Zhao is an executive Director and the president of our Company. Please see the paragraph headed “Directors – Executive Directors” in this section for his biography.

Ms. Chan Yan Lam (陳恩霖), aged 30, was appointed as our joint company secretary on 26 January 2026 and she is an assistant manager of company secretarial services of Tricor Services Limited.

Ms. Chan has over 6 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Chan is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Chan received her master’s degree in corporate governance from Hong Kong Metropolitan University in November 2020.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Changes in Directors, Supervisors and Senior Management

The changes in the Directors, the Supervisors and the senior management of the Company and their biographies during the Reporting Year and up to the date of this annual report are set out below:

- (i) Ms. Wang Ling (王玲) resigned from the positions of Supervisor and the chairperson of the supervisory committee of the Company with effect from 27 January 2025.
- (ii) Mr. Lu Xiaoliang (路曉亮) was appointed as a Supervisor and the chairperson of the supervisory committee of the Company with effect from 27 January 2025.
- (iii) Mr. Li Kai (李凱) resigned from the positions of executive Director, the chief financial officer, authorized representative and joint company secretary of the Company with effect from 26 January 2026.
- (iv) Mr. Zhao Kuanghua (趙匡華) was appointed as one of the joint company secretaries of the Company with effect from 26 January 2026.
- (v) Mr. Lui Wing Yat Christopher (呂穎一) resigned as the joint company secretary of the Company on 26 January 2026, and Ms. Chan Yan Lam (陳恩霖) was appointed as one of our joint company secretaries with effect from 26 January 2026.

Save as disclosed above, the Directors and the Supervisors confirm that no information is required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

None of the Directors, Supervisors or senior management has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors, Supervisors or senior management or any chief executive.

Directors' Report

The Board hereby presents its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

GLOBAL OFFERING

On 23 April 2024, the H Shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange in a global offering of 53,950,000 H Shares with nominal value of RMB1.00 each, comprising a Hong Kong public offering of 26,976,000 H Shares and an international offering of 26,974,000 H Shares (as adjusted in the Company's allotment results announcement dated 22 April 2024). The H Shares were issued and subscribed to Hong Kong and overseas investors at an Offer Price of HK\$2.50 per H Share (excluding brokerage of 1.0%, SFC transaction levy of 0.0027%, the Hong Kong Stock Exchange transaction fee of 0.00565% and Accounting and Financial Reporting Council transaction levy of 0.00015%) by way of an initial public offering. The over-allotment option as described in the Prospectus was not exercised by the overall coordinator (for itself and on behalf of the international underwriters).

USE OF PROCEEDS

The net proceeds from the Global Offering (after deducting the underwriting fees and commissions and related cost and expenses) amounted to approximately HK\$92.2 million. There is no change or material delay to the intended use of net proceeds and the expected implementation timetable as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

As of 31 December 2025, the Company had utilized approximately HK\$83.0 million of net proceeds from the Global Offering, representing approximately 90.0% of the total net proceeds from the Global Offering, in accordance with the intended use set out in the Prospectus. The following table sets out breakdown of the use of proceeds from the Global Offering. As of 31 December 2025, the unutilised net proceeds have been placed in licensed banks and/or authorized financial institution in the PRC. For details of the use of net proceeds from the Global Offering, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The following table sets out breakdown of the use of proceeds from the Global Offering as at 31 December 2025:

Purpose	Percentage of net proceeds	Estimated net proceeds allocated as disclosed in the Prospectus ⁽¹⁾ (HK\$ million)	Allocated net proceeds from the Global Offering ⁽¹⁾ (HK\$ million)	Net proceeds utilized since the Listing and up to 31 December 2025 (HK\$ million)	Unutilised net proceeds as of 31 December 2025 (HK\$ million)	Expected timeline of full utilization of net proceeds
To fund our up-front costs of potential projects	55.0%	56.3	50.7	50.7	-	
To establish local branch offices in regions outside Tianjin and expand our business presence in more cities in the PRC	15.0%	15.3	13.8	13.8	-	
To enhance our R&D capabilities	10.0%	10.3	9.2	9.2	-	

Directors' Report



Purpose	Percentage of net proceeds	Estimated net proceeds allocated as disclosed in the Prospectus ⁽¹⁾ (HK\$ million)	Allocated net proceeds from the Global Offering ⁽¹⁾ (HK\$ million)	Net proceeds utilized since the Listing and up to 31 December 2025 (HK\$ million)	Unutilised net proceeds as of 31 December 2025 (HK\$ million)	Expected timeline of full utilization of net proceeds
To acquire or invest in other construction companies that focus on petrochemical engineering, new energy engineering or new urban infrastructure construction, which hold the relevant Licenses or qualifications to undertake such works	10.0%	10.3	9.2	-	9.2	By the end of 2026 ⁽²⁾
For working capital and general corporate purposes	10.0%	10.3	9.3	9.3	-	
Total	100%	102.5	92.2	83.0	9.2	

Note:

- (1) The final offer price of the Global Offering was fixed at HK\$2.50 per offer share (being the lower end of the offer price range) and the net proceeds finally received from the Global Offering was lower than the estimated net proceeds as disclosed in the Prospectus which was based on an offer price of HK\$2.70 per offer share (being the mid-point of the offer price range). The net proceeds allocated to the above purposes were adjusted on a pro-rata basis.
- (2) The reasons for delay in the use of proceeds are as follows: 1. Slowdown in the pace of infrastructure investment in Tianjin and Northern China: From 2024 to 2025, the growth rate of the construction industry in Tianjin moderated and competition intensified. The pace of project initiation, tendering, and commencement by the government and project owners was generally delayed, resulting in the fundraising projects being implemented later than expected; 2. Tightening of funding for real estate and infrastructure projects: Local government and real estate developers extended their payment cycles, leading to increased pressure on project advance payments and collection of receivables. As no suitable investment opportunities were identified during FY2025, the deployment of the relevant proceeds was deferred.

The Company does not have any intention to change the purposes of the proceeds from the Global Offering as set out in the Prospectus, and will gradually utilise the net proceeds from the Global Offering with the intended purposes.

PRINCIPAL ACTIVITIES

We are a construction group based in Tianjin which offers comprehensive construction services. We primarily focus on construction business, comprising (i) municipal public construction works, which mainly include road construction and traffic facilities construction; (ii) foundation works, which mainly include foundation construction and earthworks; (iii) building construction related works which mainly include building renovation and decoration and intelligent building construction; and (iv) petrochemical engineering works, which mainly include filling station upgrading and renovation, pipe installation and oil tank overhaul projects. Our customers mainly include government authorities, state-owned enterprises and private enterprises. We are committed to the application of our self-developed Jiexiao System, a comprehensive construction management software equipped with multiple functions including cost monitoring, progress measuring and resources tracking, to provide quality construction services to our customers.

There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2025. Please refer to Note 16 in the section headed "Notes to the Consolidated Financial Statements" in this annual report for details of the principal activities of the principal subsidiaries of the Group. An analysis of the Group's revenue and operating profit for the Reporting Year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and Note 4 in the section headed "Notes to the Consolidated Financial Statements" in this annual report.

Directors' Report

BUSINESS REVIEW

A review of the Group's business during the Reporting Year could be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report. The review and discussion form part of this Directors' report.

Principal Risks and Uncertainties

Our business and operation are subject to the following principal risks and uncertainties.

- (i) Our business and future growth are subject to macroeconomic conditions in the PRC, particularly in Tianjin, and changes in market demand for our services and renewal or revision of government policies and regulations in relation to the construction market, which are beyond our control.
- (ii) Our business operations, working capital and cash flow position may be adversely affected if our customers delay in processing payment or fail to settle our bills.
- (iii) We face intense competition in our industry, which could adversely affect our business.
- (iv) If we are unable to fully recover our contract assets or if retention fee is not fully released to us after expiry of the warranty period, our liquidity and financial position may be adversely affected.
- (v) If we are unable to perform our contracts with customers and fulfil our obligations, our financial position and results of operations may be adversely affected.
- (vi) If we are unable to accurately estimate or control our costs for projects, or there are substantial changes to the scope of work we are required to perform, we may incur additional expenses, which could adversely affect our profitability.
- (vii) We may not be able to maintain our current tender success rate.
- (viii) There is no guarantee that our existing customers will continue engaging us in future business.
- (ix) Failing to maintain or renew our material licenses, qualifications and permits could affect our business operations and results of operations.
- (x) We have limited control over the quality, availability and performance of our subcontractors.

As the principal risks and uncertainties mentioned above are not exhaustive, please refer to the section headed "Risk Factors" in the Prospectus for detailed information.

RESULTS OF OPERATIONS

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 72 of this annual report.

Directors' Report



DIVIDEND POLICY AND FINAL DIVIDEND

Our Board may declare dividends in the future after taking into account various factors including our future earnings and cash inflows, future plan for use of funds, long-term development of our business and other legal and regulatory restrictions.

The Company is a joint stock limited company incorporated under the laws of the People's Republic of China. PRC laws require that dividends be paid only out of the profit for the year determined according to PRC accounting principles. PRC laws also require Chinese companies to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves until the aggregate amount of such reserves reach 50% of its registered capital, which are not available for distribution as cash dividends. The Company does not currently have any plan to pay any dividend to its shareholders. However, the Company may distribute dividends in cash or in such other manner as the Board may consider appropriate in the future. During the Reporting Year, none of the Shareholders has waived or agreed to waive any dividends.

Having due regard to the long-term interests of the Shareholders and the Company, the Board proposed not to declare any final dividend for the year ended 31 December 2025 (FY2024: Nil).

FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last four financial years, as extracted from the audited consolidated financial statements, is set out on page 4 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of the movements in the property, plant and equipment and investment properties of the Company and the Group for the year ended 31 December 2025 are set out in Note 12 and Note 13 in the section headed "Notes to the Consolidated Financial Statements" of this annual report.

The Company has valued the property interests of the Group and those property interests are not stated at valuation in the financial statements of the Group for the Reporting Year. The valuation of the property interests of the Group as at 31 December 2025 was RMB60,454,000. The additional depreciation of RMB1,014,000 would be charged against the statement of profit or loss and other comprehensive income for the Reporting Year had those property interests been stated at such valuation.

CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Thursday, 30 April 2026. A notice convening the AGM will be published in due course in the manner prescribed by the Listing Rules.

The register of members of the Company will be closed from Monday, 27 April 2026 to Thursday, 30 April 2026 (both days inclusive), during which period no transfer of Shares will be registered. The record date for determining the eligibility of the Shareholders to attend and vote at the AGM will be Thursday, 30 April 2026. In order to qualify to attend the AGM and to vote at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Friday, 24 April 2026.

Directors' Report

COMPLIANCE WITH LAWS AND REGULATIONS

We may be involved in legal proceedings in the ordinary course of business from time to time. For the Reporting Year, the Company is in compliance with the relevant laws and regulations that have a significant impact on the Company.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Our Group recognizes potential impacts of environmental, social and governance (“ESG”) matters on our Group’s business, by proactively identifying and confirming our Group’s responsibilities in such respect, while committing ourselves to complying with the reporting requirements of the Hong Kong Stock Exchange in relation to ESG following our Listing. In doing so, our human resources department would, if necessary, adjust our human resources policies to accommodate material changes to relevant labour and safety laws and regulations. For details, please refer to the Company’s Environmental, Social and Governance Report published on 8 April 2026.

EVENTS SUBSEQUENT TO THE REPORTING YEAR

Change of Executive Director, Chief Financial Officer, Authorised Representatives and Joint Company Secretaries

On 26 January 2026, Mr. Li Kai resigned as an executive Director, the chief financial officer of the Company, an authorized representative under Rule 3.05 of the Listing Rules and the joint company secretary of the Company. On even date, Mr. Lui Wing Yat Christopher resigned as the joint company secretary of the Company. Also, both Mr. Zhao Kuanghua and Ms. Chan Yan Lam were appointed as (i) the Joint Company Secretaries and (ii) the Authorized Representatives (under Rule 3.05 of the Listing Rules) of the Company, respectively on 26 January 2026. For details, please refer to the Company’s announcement of dated 26 January 2026.

Placing of New Shares under General Mandate

On 11 February 2026, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent has conditionally agreed to procure the placing of a maximum of 43,158,000 Placing Shares, the Placing was completed on 9 March 2026. For details, please refer to the Company’s announcements dated 11 February 2026, 23 February 2026 and 9 March 2026.

Amendments to the Articles of Association

On 6 March 2026, the adjustment of increase in registered capital and amendments to the articles of association of the Company were approved at the extraordinary general meeting of the Company. The amended Articles of Association became effective on 9 March 2026. The full text of the Articles of Association of the Company is available on the websites of the Stock Exchange and the Company.

Save as disclosed above and in Note 32 in the section headed “Notes to the Consolidated Financial Statements” in this annual report, the Group is not aware of any significant events which could have a material impact on our operating and financial performance after the year ended 31 December 2025 and up to the date of this annual report.

Directors' Report



SHARE CAPITAL

As at 31 December 2025, the total share capital of the Company was RMB215,794,749 with no par value. Details of movements in the Company's share capital for the year ended 31 December 2025 are set out in Note 26 in the section headed "Notes to the Consolidated Financial Statements" of this annual report.

RESERVES

Details of the movements in the reserves of the Group for the year ended 31 December 2025 are set out in the section headed "Consolidated Statement of Changes of Equity" of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company has no reserves available for distribution to the Shareholders (31 December 2024: RMB44.1 million).

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

For the year ended 31 December 2025 and up to the date of this annual report, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)).

Directors' Report

PRE-EMPTIVE RIGHTS

The Company had no arrangement for pre-emptive rights and share options during the Reporting Year. Neither the Articles of Associates nor the PRC laws stipulates that the Company shall give priority to existing shareholders in offering new shares in proportion to the shareholdings.

DIRECTORS AND SUPERVISORS

The Directors of the Company as of 31 December 2025 and up to the date of this annual report are as follows:

Executive Directors

Mr. Zhao Kuanghua (趙匡華) (*President*)
Ms. Guan Fengdan (關鳳丹)
Mr. Yang Youhua (楊友華)
Mr. Ni Baqun (倪拔群)

Non-Executive Director

Mr. Wang Wenbin (王文彬) (*Chairperson*)

Independent Non-Executive Directors

Dr. Yan Bing (嚴兵)
Dr. Liu Jinlu (劉金璐)
Mr. Shiu Shu Ming (蕭恕明)

During the Reporting Year, Mr. Li Kai resigned as an executive Director in order to devote more time on his other personal commitments.

The Supervisors of the Company as of 31 December 2025 and up to the date of this annual report are as follows:

Supervisors

Mr. Lu Xiaoliang (路曉亮) (*Chairperson*) (appointed with effect from 27 January 2025)
Mr. Wang Lei (王磊)
Mr. Ren Feiyu (任飛宇)

During the Reporting Year, Ms. Wang Ling resigned from the positions of Supervisor and the chairperson of the supervisory committee of the Company with effect from 27 January 2025.

Directors' Report



BIOGRAPHICAL DETAILS OF THE DIRECTORS, SUPERVISORS AND THE SENIOR MANAGEMENT

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

CHANGES OF INFORMATION OF DIRECTORS AND SUPERVISORS

After making specific enquiry by the Company and confirmed by the Directors and the Supervisors, save as disclosed below, there is no change to any information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as of 31 December 2025 and up to the date of this annual report.

The changes in the Directors, the Supervisors and the senior management of the Company and their biographies during the Reporting Year and up to the date of this annual report are set out below:

- (i) Ms. Wang Ling (王玲) resigned from the positions of Supervisor and the chairperson of the supervisory committee of the Company with effect from 27 January 2025.
- (ii) Mr. Lu Xiaoliang (路曉亮) was appointed as a Supervisor and the chairperson of the supervisory committee of the Company with effect from 27 January 2025.
- (iii) Mr. Li Kai (李凱) resigned from the positions of executive Director, the chief financial officer, authorized representative and joint company secretary of the Company with effect from 26 January 2026.
- (iv) Mr. Zhao Kuanghua (趙匡華) was appointed as one of the joint company secretaries of the Company with effect from 26 January 2026.
- (v) Mr. Lui Wing Yat Christopher (呂穎一) resigned as the joint company secretary of the Company on 26 January 2026, and Ms. Chan Yan Lam (陳恩霖), was appointed as one of our joint company secretaries with effect from 26 January 2026.

Save as disclosed above, the Directors and the Supervisors confirm that no information is required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

None of the Directors, Supervisors or senior management has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors, Supervisors or senior management or any chief executive.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules, and the Company considers all of the independent non-executive Directors are independent during the year ended 31 December 2025.

Directors' Report

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

We enter into service contracts with each of our Directors and Supervisors in relation to, among other things, (i) compliance with relevant laws and regulations; (ii) compliance with the Articles of Association; and (iii) arbitration clauses.

The terms of the Directors and Supervisors do not exceed three years and will expire upon conclusion of general meeting at which a new session of the Board and/or Board of Supervisors are elected. The appointments are always subject to the provisions of retirement and rotation of directors under the Articles of Association.

Save as disclosed above, none of our Directors or Supervisors has entered, or has proposed to enter, a service contract with any member of the Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

Details of Directors and Supervisors' remuneration for the year ended 31 December 2025 are set out in Note 9 in the section headed "Notes to the Consolidated Financial Statements" of this annual report.

INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

To the best knowledge of the Directors, none of the Directors or Supervisors or any entity connected with the Directors or the Supervisors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2025.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Each of our Directors and Controlling Shareholders has confirmed that none of them nor any of their respective close associates has any interest in any business, apart from the business of our Group, which competes with, or is likely to compete with, our business, whether directly or indirectly, which would otherwise require disclosure under Rule 8.10 of the Listing Rules.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors, the Supervisors and the Company's senior management receive compensation in the form of fees, salaries, allowances, and benefit in kind, discretionary bonuses, pension scheme contributions and social welfare and equity-settled share-based compensation. The compensation of Directors, Supervisors and the Company's senior management is determined based on each Director, Supervisor and senior management's responsibilities, qualification, position and seniority. Details of the emoluments of the Directors, the Supervisors and the Company's senior management and emoluments of the five highest paid individuals in the Group are set out in Notes 9 and 10 in the section headed "Notes to the Consolidated Financial Statements" of this annual report.

During the Reporting Year, no emoluments were paid by the Group to any Director, Supervisor or senior management as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors, Supervisors or senior management has waived any emoluments during the Reporting Year.

Except as disclosed above, no other payments have been made or are payable, during the Reporting Year, by our Group to or on behalf of any of the Directors, the Supervisors or the Company's senior management.

Directors' Report



CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

As at 31 December 2025, the Company did not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

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 for the year ended 31 December 2025.

CONVERTIBLE BONDS

During the Reporting Year, the Group did not issue any convertible bonds.

EQUITY-LINKED AGREEMENT

To the best knowledge of the Directors, there was no equity-linked agreement entered into by the Company or any of its subsidiaries during the period ended 31 December 2025 and up to the date of this annual report.

MATERIAL LEGAL PROCEEDINGS

Save as disclosed in Note 29 in the section headed "Notes to the Consolidated Financial Statements" in this annual report and the announcement of the Company dated 16 January 2025, the Reporting Year and up to the date of this annual report, no member of the Group was involved in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

BORROWINGS

Details of bank loans of the Company and its subsidiaries for the year ended 31 December 2025 are set out in Note 24 in the section headed "Notes to the Consolidated Financial Statements" in this annual report.

As at 31 December 2025, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors and senior management of the Company, or their respective connected persons.

Directors' Report

INTERESTS AND SHORT POSITION OF EACH OF OUR DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests or short positions of the Directors, Supervisors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors and chief executive(s) of the Company is taken or deemed to have under such provisions of the SFO) or which was required pursuant to Section 352 of the SFO to be entered in the register referred to therein or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name of Director/Supervisor/ Chief Executive	Position	Nature of interest ⁽¹⁾	Class of Shares	Number of Underlying Shares held	Approximate percentage of shareholding in the total issued Shares ⁽²⁾⁽³⁾
Mr. Wang Wenbin ⁽⁴⁾	Chairman and non-executive Director	Interest in controlled corporations	H Shares	157,496,923	72.98%
Mr. Zhao Kuanghua ⁽⁵⁾	Executive Director	Interest in controlled corporations	H Shares	15,000,000	6.95%

Notes:

- (1) All interests stated are long positions.
- (2) On 27 May 2025, the Company completed the conversion of 161,844,749 unlisted Shares into 161,844,749 H Shares. The listing of the converted H Shares on the Stock Exchange commenced at 9:00 a.m. on 28 May 2025. The share capital of the Company had since then comprised only H Shares. For details of the H Share full circulation, please refer to the Company's announcements dated 3 December 2024, 7 March 2025, 28 April 2025 and 27 May 2025. As at 31 December 2025, the Company had a total number of 215,794,749 H Shares in issue.
- (3) The calculation is based on the total number of 215,794,749 Shares in issue as at 31 December 2025.
- (4) Mr. Wang Wenbin owns 99% partnership interest in each of Tianjin Huizhi and Tianjin Jushi, 98.7% equity interest in Shengyuan Group and 97.7% partnership interest in Shanshengyuan Enterprise Management, respectively. Each of Tianjin Huizhi and Tianjin Jushi owns 50% equity interest in Tianjin Gongmeihao, which in turn holds 7.0% of the total issued Shares. Shanshengyuan Enterprise Management owns 99% equity interest in Tianjin Zhiweilai which in turn holds 14.6% of the total issued Shares; and Shengyuan Group owns 100% equity interests in Shengyuan Holding, which in turn holds 51.4% of the total issued Shares. Accordingly, Mr. Wang is deemed to be interested in all the Shares held by each of Tianjin Gongmeihao, Tianjin Zhiweilai and Shengyuan Holding for the purpose of the SFO.
- (5) Mr. Zhao Kuanghua is the general partner of Tianjin Jushi which owns 50% equity interest in Tianjin Gongmeihao, which in turn holds 6.95% of the total issued Shares. As the general partner of Tianjin Jushi, Mr. Zhao Kuanghua is deemed to have de facto control in Tianjin Jushi and hence is a controller of Tianjin Jushi. Accordingly, Mr. Zhao Kuanghua is deemed to be interested in such Shares held by Tianjin Gongmeihao for the purpose of the SFO.

Directors' Report

Save as disclosed above, as at 31 December 2025, none of the Directors, Supervisors or the chief executives of the Company had or was deemed to have any interests 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) that was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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

As at 31 December 2025, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder/ Ultimate Controller	Nature of interest ⁽¹⁾	Class of Shares	Number of Shares held	Approximate percentage of shareholding in the total issued Shares of the Company ⁽²⁾⁽³⁾
Ms. Dou Enyan ⁽⁴⁾	Interest of spouse	H Shares	157,496,923	72.98%
Shengyuan Group Holdings (Tianjin) Co., Ltd.* (盛源集團控股(天津)有限公司) ("Shengyuan Holding") ⁽⁵⁾	Beneficial owner	H Shares	110,830,940	51.36%
Shengyuan Group (Tianjin) Co., Ltd.* (盛源集團(天津)有限公司) ("Shengyuan Group") ⁽⁵⁾	Interest in controlled corporation	H Shares	110,830,940	51.36%
Shanshengyuan (Tianjin) Enterprise Management Partnership (Limited Partnership)* (山盛源(天津)企業管理合夥企業 (有限合夥)) ("Shanshengyuan Enterprise Management") ⁽⁶⁾	Interest in controlled corporation	H Shares	31,665,983	14.67%
Zhiweilai (Tianjin) Enterprise Management Co. Limited* (致未來(天津)企業管理有限公司)("Tianjin Zhiweilai") ⁽⁶⁾	Beneficial owner	H Shares	31,665,983	14.67%
Jushi (Tianjin) Entrepreneurial Management Center (Limited Partnership)* (聚勢(天津)企業管理中心(有限合夥)) ("Tianjin Jushi") ⁽⁷⁾	Interest in controlled corporation	H Shares	15,000,000	6.95%
Huizhi (Tianjin) Entrepreneurial Space Service Center (Limited Partnership)* (匯智(天津)創業空間服務中心(有限合夥)) ("Tianjin Huizhi") ⁽⁷⁾	Interest in controlled corporation	H Shares	15,000,000	6.95%
Gongmeihao (Tianjin) Enterprise Management Co. Limited* (共美好(天津)企業管理有限公司) ("Tianjin Gongmeihao") ⁽⁷⁾	Beneficial owner	H Shares	15,000,000	6.95%
Ms. Zhao Xiaorong ⁽⁷⁾	Interest in controlled corporation	H Shares	15,000,000	6.95%

Directors' Report

Notes:

- (1) All interests stated are long positions.
- (2) On 27 May 2025, the Company completed the conversion of 161,844,749 unlisted Shares into 161,844,749 H Shares. The listing of the converted H Shares on the Stock Exchange commenced at 9:00 a.m. on 28 May 2025. The share capital of the Company had since then comprised only H Shares. For details of the H Share full circulation, please refer to the Company's announcements dated 3 December 2024, 7 March 2025, 28 April 2025 and 27 May 2025. As at 31 December 2025, the Company had a total number of 215,794,749 H Shares in issue.
- (3) The calculation is based on the total number of 215,794,749 Shares in issue as at 31 December 2025.
- (4) Ms. Dou Enyan is the spouse of Mr. Wang Wenbin. Accordingly, Ms. Dou Enyan is deemed to be interested in the Shares held by Mr. Wang Wenbin for the purpose of the SFO.

Mr. Wang Wenbin owns 99% partnership interest in each of Tianjin Huizhi and Tianjin Jushi, 98.7% equity interest in Shengyuan Group and 97.7% partnership interest in Shanshengyuan Enterprise Management, respectively. Each of Tianjin Huizhi and Tianjin Jushi owns 50% equity interest in Tianjin Gongmeihao, which in turn holds 6.95% of the total issued Shares. Shanshengyuan Enterprise Management owns 99% equity interest in Tianjin Zhiweilai which in turn holds 14.6% of the total issued Shares; and Shengyuan Group owns 100% equity interests in Shengyuan Holding, which in turn holds 51.4% of the total issued Shares. Accordingly, Mr. Wang Wenbin is deemed to be interested in all the Shares held by each of Tianjin Gongmeihao, Tianjin Zhiweilai and Shengyuan Holding for the purpose of the SFO.

- (5) The entire equity capital of Shengyuan Holding is held by Shengyuan Group. Accordingly, Shengyuan Group is deemed to be interested in such Shares held by Shengyuan Holding for the purpose of the SFO.
- (6) Shanshengyuan Enterprise Management owns 99% equity interest in Tianjin Zhiweilai, which in turn holds 14.6% of the total issued Shares. Accordingly, Shanshengyuan Enterprise Management is deemed to be interested in such Shares held by Tianjin Zhiweilai for the purpose of the SFO.
- (7) The equity interest of Tianjin Gongmeihao is held as to 50% by Tianjin Huizhi and 50% by Tianjin Jushi. Accordingly, each of Tianjin Huizhi and Tianjin Jushi is deemed to be interested in such Shares held by Tianjin Gongmeihao for the purpose of the SFO. Ms. Zhao Xiaorong is the general partner of Tianjin Huizhi which owns 50% equity interest in Tianjin Gongmeihao, which in turn holds 6.95% of the total issued Shares. As the general partner of Tianjin Huizhi, Ms. Zhao Xiaorong is deemed to have de facto control in Tianjin Huizhi and hence is a controller of Tianjin Huizhi. Accordingly, Ms. Zhao Xiaorong is deemed to be interested in such Shares held by Tianjin Gongmeihao for the purpose of the SFO.

ARRANGEMENTS FOR PURCHASE OF SHARES OR DEBENTURES

At no time during the Reporting Year was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouse or children under the age of 18 had any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

KEY RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that various stakeholders including customers, suppliers, employees and other business associates are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationships with them.

Directors' Report



MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

During the Reporting Year, revenue from the Group's five largest customers contributed approximately 76.4% (FY2024: 85.7%) of the Group's total revenue while our largest customer contributed approximately 35.2% (FY2024: 54.2%) of the Group's total revenue during the year.

Major Suppliers

During the Reporting Year, purchases from our five largest suppliers contributed approximately 41.1% (FY2024: 35.8%) of the Group's total cost of procurement while our largest supplier contributed approximately 27.3% (FY2024: 9.0%) of the Group's cost of procurement during the year.

For the year ended 31 December 2025, none of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the number of the issued shares of the Company) was interested in the top five customers or suppliers of the Group.

TAXATION

Tax position of the Company during the year ended 31 December 2025 is set forth in Note 8 in the section headed "Notes to the Consolidated Financial Statements" of this annual report.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the H Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the H Shares, they are advised to consult their professional advisers.

Directors' Report

EMPLOYEES AND REMUNERATION POLICIES

The Group engages subcontractors to provide labour services for our construction projects and generally does not employ any construction workers. Employees were generally recruited from the open market by placing job advertisements. The Group offers competitive remuneration packages to our employees and provides regular and ad-hoc training courses for the employees to ensure their competency and to keep them abreast of the latest developments and best practices in the industry so as to enhance their performance. During the Reporting Year, the total staff costs incurred were approximately RMB18.6 million (FY2024: RMB19.8 million).

As part of our human resources strategies, we are committed to establishing a competitive and fair remuneration and benefits system. Compensation for our employees typically consists of remuneration and performance-based bonus. In terms of performance and remuneration, the Group conducts monthly and annual appraisals of employees based on the Performance Management System (績效管理制度) and the Measures for the Assessment of the Completion of Work Tasks (工作任務完成情況考核辦法), and the appraisal results will directly affect the amount of the employee's performance-based wages and future salary adjustments. We also make contributions to social welfare contribution for our employees, including basic pension, medical, unemployment, work injury and maternity insurance in accordance with relevant PRC laws and regulations. All employees work five days per week and are provided with welfare leaves such as marriage leave, maternity/paternity leave, paid annual leave and medical treatment period for sickness or non-work-related injuries, in addition to statutory holidays. Meanwhile, the Group also carries out a variety of employee care activities, including: (i) annual meeting, monthly birthday parties and staff reunion activities; (ii) basketball game, photo contest, badminton match, essay competition and other recreational and sports activities; and (iii) additional leave for female employees and employees with children under 14 years of age on Women's Day and Children's Day, respectively.

Our Group provides necessary induction training and timely on-the-job training for its employees based on its business needs to help them to be competent for professional and technical skills work and daily project work management. Our Group encourages its employees to become multi-talented and to achieve diversified growth through professional skills advancement training, cross-field skills training, and middle and senior management skills training.

Details of the remuneration of the Directors and the five highest paid individuals during the Reporting Year are set out in Notes 9 and 10 in the section headed "Note to the Consolidated Financial Statements" in this annual report.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement benefit scheme are set out in Note 7 in the section headed "Note to the Consolidated Financial Statements" in this annual report.

RELATED PARTY TRANSACTION

Details of material related party transactions entered into by our Group during the Reporting Year are disclosed in Note 28 in the section headed "Notes to the Consolidated Financial Statements" in this annual report. Save for the transactions conducted with Jiangshengyuan Machinery under the Machinery Lease Agreements, none of the related party transactions as disclosed in Note 28 in the section headed "Notes to the Consolidated Financial Statements" in this annual report constitute any non-exempt connected transactions or continuing connected transaction which should be disclosed pursuant to the Listing Rules.

Directors' Report



CONTINUING CONNECTED TRANSACTIONS

During the Reporting Year, the Group had no continuing connected transactions that were subject to the Listing Rules' reporting requirements for disclosure in this Annual Report.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

During the Reporting Year, none of the Company or any of its subsidiaries entered into any contract of significance with the Controlling Shareholder or any of its subsidiaries, and there is no contract of significance in relation to provision of services by the Controlling Shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Hong Kong Stock Exchange and permitted under the Listing Rules, was held by the public for the year ended 31 December 2025 and up to the date of this annual report.

PERMITTED INDEMNITY PROVISIONS

The Company has maintained directors' liability insurance to protect the Directors of the Company against any potential losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

DONATIONS

During the Reporting Year, the Group did not make donations.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**"), which comprises three independent non-executive Directors, namely, Mr. Shiu Shu Ming (chairman of the Audit Committee), Dr. Yan Bing and Dr. Liu Jinlu. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and the Hong Kong Stock Exchange).

The Audit Committee has reviewed the applicable accounting principles, standards and practices adopted by the Group as well as the consolidated financial statements of the Group for the year ended 31 December 2025 and the disclosure in this annual report.

Directors' Report

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions of the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

During the year ended 31 December 2025, the Company complied with all the principles and applicable code provisions under the CG Code.

The Directors will review the corporate governance policies and compliance with the CG Code each financial year and apply the “comply or explain” principle in the “Corporate Governance Report” included in this annual report.

AUDITOR

The consolidated financial statements contained in this annual report have been audited by KPMG who will retire at the forthcoming AGM of the Company and, being eligible, offer themselves for reappointment.

There has been no change in auditor for the year ended 31 December 2025.

By order of the Board

Wang Wenbin

Chairman and non-executive Director

Tianjin, PRC, 8 April 2026

Supervisory Committee's Work Report

During the Reporting Year, the supervisory committee of the Company (the "Supervisory Committee") strictly abided by the provisions of the laws, regulations, normative documents and the Articles of Association, and diligently performed and independently exercised the supervisory powers and responsibilities of the Supervisory Committee. All members of Supervisory Committee have complied with the principle of integrity and earnestly performed their supervisory duties in accordance with the relevant regulations set out in the PRC Company Law, the Articles of Association and Procedural Rules for the Supervisory Committee (《監事會議事規則》) to protect the interests of the shareholders and the Company.

COMPOSITION OF THE SUPERVISORY COMMITTEE

The Supervisory Committee currently consists of three Supervisors, among which one of them is the chairman to the Supervisory Committee. Pursuant to our Articles of Association, at least one-third of our supervisors must be employee representatives elected by our employees. We have one employee representative supervisor elected by our employees and two shareholder representative supervisors elected and appointed by our Shareholders at a Shareholders' meeting. Each of the supervisors elected by our employees and/or by our Shareholders is appointed for a term of three years which is renewable upon re-election and re-appointment.

Composition of the Supervisory Committee is set out as follows:

Name	Position	Date of Appointment/ Re-election	Duties
Mr. Lu Xiaoliang (路曉亮)	Supervisor, chairman of the Supervisory Committee and employee representative Supervisor	27 January 2025	Supervising the performance of duties of Directors and senior management of our Company
Mr. Wang Lei (王磊)	Supervisor	21 June 2024	Supervising the performance of duties of Directors and senior management of our Company
Mr. Ren Feiyu (任飛宇)	Supervisor	21 June 2024	Supervising the performance of duties of Directors and senior management of our Company

WORKS OF THE SUPERVISORY COMMITTEE DURING THE REPORTING YEAR

During the Reporting Year, the Supervisory Committee held two meetings and the details are as follows:

1. The Company held the fifth meeting of the first session of the Supervisory Committee on 29 April 2025, and considered and approved (i) "Resolution on the 2024 Work Report of the Supervisory Committee of Tianjin Construction Development Group Co., Ltd.", (ii) "Resolution on the Change of Supervisors", (iii) "Resolution on the Proposed Re-appointment of Auditor for the Year 2025 and Authorise the Board to Determine Its Remuneration", and (iv) "Resolution on the Grant of a General Mandate to the Board to Repurchase/Issue H Share"; and
2. The Company held the sixth meeting of the first session of the Supervisory Committee on 21 October 2025, and considered and approved "Proposed Resolution on the Amendment of the Company's Articles of Association".

Supervisory Committee's Work Report

COMMENTS OF THE SUPERVISORY COMMITTEE ON CERTAIN MATTERS OF THE COMPANY IN 2025

During the Reporting Year, the members of the Supervisory Committee adhered to the principles of fidelity and accountability to all shareholders and duly performed their duties and works according to the relevant laws and regulations. Members of the Supervisory Committee attended or sat in on all Shareholders' general meetings and Board of Directors meetings during the Reporting Year, and effectively supervised the Company's operating activities, financial status, major decisions, procedures for convening the Shareholders' general meetings, and the performance of duties by the Directors and senior management, thus ensure that the interests of the Shareholders, the interests of the Company, and the legitimate interests of its employees, as well as promote the Company's standardized operations. The Supervisory Committee has arrived at the following opinions:

- (1) During the Reporting Year, the Board of Directors conscientiously performed the rights and obligations conferred by the PRC Company Law and the Articles of Association, made timely decisions on major matters such as production and operation plans and conscientiously implemented the resolutions of the General Meeting and the Board of Directors. The senior management operated in accordance with the law and in a standardized manner. The Directors and senior management were able to perform their obligations in good faith, and there were no violations of the law, the Articles of Association or acts detrimental to the interests of shareholders; and
- (2) During the Reporting Year, the Supervisory Committee supervised and inspected the financial system and financial position of the Company and considered that the Company's financial system was sound, its financial operations were standardised and its financial position was good, and that the Company's consolidated financial statements truly, accurately and completely reflected the financial position, results of operations and cash flows of the Company.

In the coming year, the Supervisory Committee will continue to strictly comply with the relevant laws and regulations such as the Company Law, and the relevant provisions of the Articles of Association, so as to faithfully and diligently perform the duties of the Supervisory Committee, and effectively supervise the performance of the daily tasks of the Board and senior management in accordance with the law, and actively attend Shareholders' general meetings and Board meetings to keep abreast of the Company's financial status, and supervise the legality and compliance of the Company's major decision-making matters and their consideration procedures, further promote the improvement of the Company's corporate governance structure and the standardized business operation and management, and effectively safeguard and protect the legitimate interests of the Company and Shareholders, thus promote the better and speedy development of the Company.

Chairman of the Supervisory Committee

Lu Xiaoliang

Tianjin, PRC, 8 April 2026

Corporate Governance Report



The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2025.

CORPORATE STRATEGY, BUSINESS MODEL AND CULTURE

We are a construction group based in Tianjin that provides comprehensive construction services. We primarily engaged in construction business and strove to provide high quality construction services to our customers by leveraging our self-developed Jiexiao System, a comprehensive construction management software equipped with multiple functions including cost monitoring, progress measuring and resources tracking.

We primarily focused on construction business, comprising (i) municipal public construction works, which mainly included road construction and traffic facilities construction; (ii) foundation works, which mainly included foundation construction and earthwork; (iii) building construction related works; and (iv) petrochemical engineering works. Our business is mainly located in Tianjin. With an operating history of more than a decade, we have established a reputation in the construction industry. By leveraging our brand and industry experience, we aim to capture more market share in the construction industry in Tianjin.

We recognise potential impacts of ESG matters on the business of the Company, by proactively identifying and confirming our responsibilities in such respect, while complying with the reporting requirements of the Hong Kong Stock Exchange in relation to ESG. The Company has developed key ESG-related policies and institutional documents, which cover engineering quality and safety, use of energy and resources, environmental impact management, production safety, labour practices, occupational health management, employee development and training, supply chain management, anti-corruption, among other areas, to ensure that our ESG-related practices are carried out in a standardized and effective manner in all aspects.

For a detailed description of our corporate strategy, business model and culture, please refer to the Company's 2025 Environmental, Social and Governance Report dated 8 April 2026.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions of the CG Code as its own code of corporate governance.

Save as disclosed in this annual report, during the year ended 31 December 2025 and up to the date of this annual report, the Company has complied with all the principles and applicable code provisions under the CG Code.

The amendments to the CG Code came into effect on 1 July 2025 and the requirements under the new CG Code will apply to the corporate governance reports and annual reports of the Company for the financial years commencing on or after 1 July 2025. The Company will continue to review and enhance the corporate governance practices to ensure compliance with the new CG Code and align with the latest developments.

In addition, the balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently consists of four executive Directors, one non-executive Director and three independent non-executive Directors. Therefore, we consider that the Board has a fairly strong independence element in its composition.

The Directors will review the corporate governance policies and compliance with the CG Code and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company each financial year and apply the "comply or explain" principle in the corporate governance report which is included in this annual report.

Corporate Governance Report

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code to regulate all dealings by the Directors, the Supervisors and relevant employees of securities in the Company and other matters covered by the Model Code for the year ended 31 December 2025. Having made specific enquiry with all the Directors and Supervisors of the Company, all the Directors and Supervisors confirmed that they have strictly complied with the required standards set out in the Model Code during the year ended 31 December 2025 and up to the date of this annual report.

THE BOARD

Responsibilities

The Company clearly defines the responsibilities of the Shareholders' General Meetings, the Board, the senior management and the Supervisory Committee.

The Shareholders' general meeting is the highest authority of the Company, and the Board is responsible to the Shareholders' general meeting.

The Board is responsible for and has the general power over the management and operation of our business, including determining our business strategies and investment plans, implementing resolutions passed at our Shareholders' general meetings, and exercising other powers, functions and duties as conferred by the Articles of Association. The Board also assumes the responsibilities for exercising other powers, functions and duties in accordance with the Articles of Association, and all applicable laws and regulations, including the Listing Rules.

The Board shall represent the long-term interest of the Company and the interest of shareholders and related parties when making scientific and strategic decisions, be effectively supervised and evaluated when controlling corporate resources and conducting operation management and maintain effective stimulation and supervision over the senior management when duly delegating its power to the senior management. The Company has one manager (the "**President**"), which is mainly accountable to the Board and responsible for managing the daily business operations of our Group. The Board is the core of the Company's corporate governance framework and its role is clearly separated from that of senior management.

The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees, including the Audit Committee, the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") (collectively, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

Corporate Governance Report



The Supervisory Committee is responsible for supervising the performance of duties of our Board and the senior management of our Company and overseeing the financial, internal control and risk conditions of our Company. Under the leadership of the Board, senior management is responsible for implementing the resolutions of the Board and for daily business and management of the Company, and reports to the Board and the Supervisory Committee.

All Directors have carried out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

The Company has arranged appropriate insurance cover in respect of liability arising from legal action against its Directors.

Directors' Responsibilities for Financial Reporting

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Year. The management has provided sufficient explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company in order to put forward such information to the Board for approval. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 66 to 71 of this annual report.

Board Composition

As at the date of this annual report, the Board comprised four executive Directors, one non-executive Director and three independent non-executive Directors as set out below:

Name	Position	Date of appointment	Duties
Executive Directors			
Mr. Zhao Kuanghua (趙匡華)	Executive Director and President	3 January 2019 ⁽¹⁾	Overall strategic planning and the overall management and operation of our Group
Ms. Guan Fengdan (關鳳丹)	Executive Director	20 December 2024	Overall administrative matters and human resources of the Group
Mr. Yang Youhua (楊友華)	Executive Director, president assistant and the manager of the marketing department	5 June 2023 ⁽²⁾	Making decisions on the day-to-day operation of the Group, and overseeing market development and market expansion of the business of the Group
Mr. Ni Baqun (倪拔群)	Executive Director, president assistant and the manager of the procurement department	5 June 2023 ⁽³⁾	Making decisions on the construction-related business of the Group, and overseeing the quality and compliance of construction projects

Corporate Governance Report

Name	Position	Date of appointment	Duties
Non-executive Director			
Mr. Wang Wenbin (王文彬)	Non-executive Director and chairperson of the Board	5 June 2023 ⁽⁴⁾	Providing professional opinion and judgment to the Board
Independent non-executive Directors			
Dr. Yan Bing (嚴兵)	Independent non-executive Director	5 June 2023	Supervising and providing independent judgment and strategic advice to the Board
Dr. Liu Jinlu (劉金璐)	Independent non-executive Director	10 October 2024	Supervising and providing independent judgment and strategic advice to the Board
Mr. Shiu Shu Ming (蕭恕明)	Independent non-executive Director	16 August 2023	Supervising and providing independent judgment and strategic advice to the Board

Notes:

- (1) Mr. Zhao joined our Company as vice president in January 2018 and has been the President and an executive Director since 3 January 2019.
- (2) Mr. Yang joined our Company in April 2019 as production manager, and was appointed as an executive Director in June 2023.
- (3) Mr. Ni joined our Company in October 2018 as project manager and was appointed as an executive Director in June 2023.
- (4) Mr. Wang is the founder of our Group and served as the executive Director and the manager of our Company from November 2010 to January 2019. Mr. Wang was appointed as the chairperson of the Board and a non-executive Director of our Company in June 2023.

The biographies of the Directors are set out under the section headed “Biographies of Directors, Supervisors and Senior Management” of this annual report.

During the year ended 31 December 2025, the Board has at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

Corporate Governance Report



During the year ended 31 December 2025 and up to the date of this annual report, the Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive directors representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

Save as disclosed in the biographies of the Directors as set out in the section headed “Biographies of Directors, Supervisors and Senior Management” of this annual report, none of the Directors or senior management has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or senior management or any chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee. In addition, the balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-caliber individuals. The Board currently consists of four executive Directors, one non-executive Director and three independent non-executive Directors. Therefore, we consider that the Board has a fairly strong independence element in its composition.

As regards the code provision under the CG Code requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

The Board shall review the structure from time to time to ensure that the structure facilitates the execution of the business strategies of the Group and maximizes effectiveness of its operation.

The changes in the Directors, the Supervisors and the senior management of the Company and their biographies during the Reporting Year and up to the date of this annual report are set out below:

- (i) Ms. Wang Ling (王玲) resigned from the positions of Supervisor and the chairperson of the supervisory committee of the Company with effect from 27 January 2025.
- (ii) Mr. Lu Xiaoliang (路曉亮) was appointed as a Supervisor and the chairperson of the supervisory committee of the Company with effect from 27 January 2025.
- (iii) Mr. Li Kai (李凱) resigned from the positions of executive Director, the chief financial officer, authorized representative and joint company secretary of the Company with effect from 26 January 2026.
- (iv) Mr. Zhao Kuanghua (趙匡華) was appointed as one of the joint company secretaries of the Company with effect from 26 January 2026.
- (v) Mr. Lui Wing Yat Christopher (呂穎一) resigned as the joint company secretary of the Company on 26 January 2026, and Ms. Chan Yan Lam (陳恩霖) was appointed as one of our joint company secretaries with effect from 26 January 2026.

Corporate Governance Report

Save as disclosed above, the Directors and the Supervisors confirm that no information is required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

Dr. Liu Jinlu and Ms. Guan Fengdan obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 26 September 2024 and 4 December 2024, respectively, and had each confirmed that he/she understood his/her obligations as a director of a listed issuer.

None of the Directors, Supervisors or senior management has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors, Supervisors or senior management or any chief executive.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual, to reinforce their respective independence and accountability. During the year ended 31 December 2025, Mr. Wang Wenbin was the Chairman of the Board, while Mr. Zhao Kuanghua was the president of our Company and responsible for the overall strategic planning and the overall management and operation of our Group. Therefore, the division of responsibilities between the chairman and the chief executive was clearly established.

Independent Non-executive Directors

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Board Diversity Policy

To enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to board diversity policy, we seek to achieve board diversity by taking into consideration of various factors, including but not limited to gender, age, culture, viewpoint, educational background and experience.

Our Directors have a balanced mix of knowledge, skills and experience, including the areas of engineering, management, accounting and economics. They obtained academic degrees in various majors, including construction management, business management, civil engineering, project budgeting, economics, accountancy and structural engineering. Furthermore, our Board has a wide range of age, ranging from 36 years old to 56 years old. Our Nomination Committee is responsible for ensuring the diversity of our Board members and compliance with relevant codes governing board diversity under the CG Code contained in Appendix C1 to the Listing Rules. Our Nomination Committee will review the board diversity policy and our diversity profile (including gender balance) from time to time to ensure its continued effectiveness. We will also disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

Corporate Governance Report



We are also committed to adopting similar approach to promote diversity, including but not limited to gender diversity, at all other levels of our Company from our Board downwards to enhance the effectiveness of our corporate governance as a whole.

Measurable objectives of the Company are as follows: (1) candidates for appointment as directors will be considered from a wide range of individuals with different backgrounds and factors including gender, age, culture, viewpoint, educational background and experience and other contributions that may complement the current needs of the Board; and (2) to review whether the composition and structure of the Board of Directors are suitable for the Group's overall development strategy every year according to the Group's business operation and development needs, and propose an adjustment implementation plan.

Our nomination committee is responsible for ensuring diversity within our Board members and will use its best efforts to identify and recommend suitable candidates for the Board's consideration. We also welcome candidates of different genders to apply for our mid to senior level positions. The ultimate decision of the appointment will be based on merits and the contribution the selected candidates could bring to our Board and management team. Our Board believes that such merit-based selection criteria will best enable our Company to serve our Shareholders and other stakeholders going forward. On 29 April 2025, Ms. Guan Fengdan was appointed as a member of our nomination committee, who will bring new insights to our nomination committee from a diversified perspective.

At present, the Nomination Committee considered that the Board is sufficiently diverse and will review our board diversity policy and its implementation from time to time to ensure its implementation and monitor its continued effectiveness, and the same will be disclosed in our corporate governance report, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives on an annual basis.

Induction and Continuous Professional Development

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

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

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

Corporate Governance Report

During the Relevant Year, all Directors attended training sessions on the respective obligations of the Directors and senior management. In addition, relevant reading materials including legal and regulatory update have been provided to the Directors for their reference and studying. The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors during the Reporting Year is summarized as follows:

Name of Directors	Nature of continuous professional development
Executive Directors	
Mr. Zhao Kuanghua	A & B
Mr. Li Kai (resigned with effect from 26 January 2026)	A & B
Ms. Guan Fengdan	A & B
Mr. Yang Youhua	A & B
Mr. Ni Baqun	A & B
Non-executive Director	
Mr. Wang Wenbin	A & B
Independent Non-executive Directors	
Dr. Yan Bing	A & B
Dr. Liu Jinlu	A & B
Mr. Shiu Shu Ming	A & B

Notes:

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

Corporate Governance Report



Appointment and Re-Election of Directors

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Pursuant to Article 102 of the Articles of Association, the Directors shall be elected or replaced at a shareholders' general meeting and the tenure shall be three years. A Director may serve consecutive terms if re-elected upon the expiration of his/her term. The term of office of the Directors shall be counted from the date of appointment until the expiration of the term of the current Board of Directors. When the Directors' term expires and re-election is not held in time, or where the resignation of a Director during his term of office causes the number of the members of the Board of Directors to be less than the quorum, the original Directors shall still perform their duties as Directors in accordance with laws, administrative regulations, departmental rules and these Articles before the re-elected Directors take office.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, and for making recommendations to the Board on the appointment, re-appointment of Directors and succession plans for the Directors.

Board Meetings and General Meetings

The Company adopts the practice of holding Board meetings regularly, but in any event at least four times each year, or about once a quarter. The Board Meetings shall be convened by the Chairman, by giving fourteen (14) days' written notice to all Directors and Supervisors. The board of directors shall make arrangements to ensure that all Directors are given an opportunity to put matters for discussion on the agenda of regular meetings of the Board. The Board shall keep minutes of resolutions passed at board meetings. The minutes shall be signed by the Directors present at the meeting. The Directors shall be responsible for the resolutions of the Board, and the Shareholders have the right to inspect the Board resolution.

There are two types of Shareholders' general meetings: annual general meetings and extraordinary general meetings. A Shareholders' general meeting shall be convened by the Board. The annual general meeting shall be convened once a year within six months after the end of previous financial year. The convener shall issue a written notice of the meeting to inform each Shareholder of the time, venue and matters to be considered at the meeting 21 days before the annual Shareholders' general meeting, and shall inform each Shareholder the extraordinary general meeting 15 days before the meeting by means of a written notice.

At Board meetings, the senior management of the Company shall report the information regarding business activities and development of the Company to all Directors on a timely basis. The executive Directors also often communicate with the non-executive Directors for their opinions on the Company's business development and operations. If any Director has conflict of interests in any proposed resolution to be considered at the Board meeting, such Director shall abstain from voting on such resolution.

The forthcoming AGM will be held on 30 April 2026. The notice of the AGM will be published in due course in the manner prescribed by the Listing Rules.

Corporate Governance Report

During the Reporting Year, the Company held seven Board meetings and three Shareholders' general meetings. The attendance record of each Director at the Board meetings and general meetings is as follows:

Name of Directors	Attendance/No. of Meetings held	
	Board meeting(s)	General meetings
Executive Directors		
Mr. Zhao Kuanghua	7/7	3/3
Mr. Li Kai (resigned with effect from 26 January 2026)	7/7	3/3
Ms. Guan Fengdan	7/7	3/3
Mr. Yang Youhua	7/7	3/3
Mr. Ni Baqun	7/7	3/3
Non-executive Director		
Mr. Wang Wenbin	7/7	3/3
Independent Non-executive Directors		
Dr. Yan Bing	7/7	3/3
Dr. Liu Jinlu	7/7	3/3
Mr. Shiu Shu Ming	7/7	3/3

Corporate Governance Function

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

During the year ended 31 December 2025, the Board confirms that it has:

- (a) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- (b) reviewed and monitored the training and continuous professional development of the Directors and senior management;
- (c) reviewed the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on matters;
- (d) to develop, review and monitor the code of conduct and compliance manual applicable to the Group's employees and Directors; and
- (e) reviewed the Company's compliance with the CG Code and disclosures in the Corporate Governance Report.

Corporate Governance Report



BOARD COMMITTEES

The Board has established three committees namely, the Audit Committee, the Remuneration Committee and the Nomination Committee. All Board Committees are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of each of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the Company's website and the Hong Kong Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 to 3.23 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. The Audit Committee comprises three members, namely Dr. Yan Bing, Dr. Liu Jinlu and Mr. Shiu Shu Ming, being all independent non-executive Directors. The Audit Committee is chaired by Mr. Shiu Shu Ming.

The primary duties of the Audit Committee are to inspect the financial conditions of the Company, review the financial information of the Company, make judgments on the authenticity, completeness, and accuracy of the financial information, inspect the implementation and effectiveness of the risk management and internal control systems, oversee the audit process and provide advice and comments to the Board. The terms of reference of Audit Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

During the year ended 31 December 2025, the Audit Committee held two meetings and reviewed the Company's audited consolidated results for the year ended 31 December 2025 and the unaudited consolidated interim results for the six months ended 30 June 2025, and confirmed that the applicable accounting principles, standards and requirements had been complied with, and that adequate disclosures had been made. The Audit Committee also discussed the auditing, risk management and internal control, financial reporting and the appointment of the Auditor, including selecting and assessing the independence and qualifications of the Auditor, and ensuring effective communication between the Directors and Auditor. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the Auditor.

The attendance records of each Audit Committee member are set out in the table below for the year ended 31 December 2025:

Name of Directors	Attendance/ No. of Meetings Held
Mr. Shiu Shu Ming (<i>Chairperson</i>)	2/2
Dr. Yan Bing	2/2
Dr. Liu Jinlu	2/2

Corporate Governance Report

Nomination Committee

The Nomination Committee was established by our Company with written terms of reference in compliance with the CG Code as set out in Appendix C1 to the Listing Rules. In light of the consultation conclusions of “Consultation Paper on Review of Corporate Governance Code and Related Listing Rules” published by the Stock Exchange on 19 December 2024 with effect from 1 July 2025, and with regard to the actual circumstances of the Company, on 29 April 2025, the Board resolved to appoint Ms. Guan Fengdan (an executive Director) and Mr. Shiu Shu Ming (an independent non-executive Director) as members of the Nomination Committee, with effect from 29 April 2025. Following the above change, the Nomination Committee now comprises Mr. Wang Wenbin (the chairman of the Board and a non-executive Director, also the chairman of the Nomination Committee), Ms. Guan Fengdan (an executive Director), Dr. Yan Bing (an independent non-executive Director), Dr. Liu Jinlu (an independent non-executive Director) and Mr. Shiu Shu Ming (an independent non-executive Director). Upon appointment of Ms. Guan Fengdan and Mr. Shiu Shu Ming, the Nomination Committee comprises (i) at least one female member and (ii) a majority of independent non-executive Directors.

The primary duties of the Nomination Committee are to (i) review the structure, size, composition, and membership diversification (including skill, knowledge, experience, gender, age, cultural and educational background, and term of service) of the Board of Directors on a regular basis and make recommendations on any changes to be made to the Board of Directors for coordination in the strategies of the Company based on the business activities, asset size and the shareholding structure of the Company, (ii) to identify individuals suitably qualified to serve as Directors and senior management, and to select or make recommendations to the Board of Directors on the selection of individuals nominated, and (iii) assess the independence of independent non-executive Directors. Our Nomination Committee is responsible for developing ensuring the diversity of our Board members and compliance with relevant codes governing board diversity under the CG Code. Our Nomination Committee will review the Board Diversity Policy and our diversity profile (including gender balance) from time to time to ensure its continued effectiveness. For details of our Board Diversity Policy, please refer to the paragraph named “The Board – Board Diversity Policy” in this Corporate Governance Report.

In overseeing the conduct of the annual review and assessing the composition and effectiveness of the Board, the Nomination Committee considers the benefits of all aspects of diversity, including without limitation, those described above, in order to maintain an appropriate range and balance of talents, skills, experience and diversity of perspectives on the Board. Factors to be taken into account include: gender, age, culture, viewpoint, educational background and experience.

In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board and the factors as described above. The recommendations of the Nomination Committee will then be submitted to the Board for decision. The terms of reference of Nomination Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

Nomination Policy

The Company has adopted a nomination policy which sets out the selection criteria and procedures for nomination and appointment of Directors and senior management and considerations for succession plan of the Board, with an aim of ensuring the balance of skills, experience, knowledge and diverse perspectives of the Board to satisfy the requirements of the Company’s business.

The Director nomination policy contains several factors to assess the suitability of proposed candidates and their potential contribution to the Board, including but not limited to (i) reputation for character and integrity; (ii) in compliance with the qualification stipulated in the Company Law of the PRC and the Listing Rules; (iii) commitment for responsibilities of the Board in respect of available time and relevant interest; (iv) diversity in the aspects, including but not limited to, of gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; and (v) potential contributions that the candidate can bring to the Board.

Corporate Governance Report



The Board has adopted a diversity policy for the Board which sets out the basic principles to be followed to ensure that the Board has an appropriate balance of required skills, experience and diversity of perspectives to enhance the effective operation of the Board and maintain a high level of corporate governance. The Nomination Committee shall review this policy and measurable objectives at least annually when appropriate to ensure the continued and effective operation of the Board.

Nomination Procedures

The Company has also adopted procedures for nomination and election of Directors. The policy sets out the criteria and procedures for selection and performance evaluation and provides guidance to the Board on the nomination and appointment of Directors. The Board believes that a clear selection process facilitates corporate governance, ensures the continuity of Board, maintains the leadership of Board, and enhances the efficiency and diversity of the Board.

The Nomination Committee can nominate candidates for Directors. When evaluating the suitability of recommended candidates and their potential contributions to the Board, the Nomination Committee may refer to certain selection criteria such as integrity, professional qualifications and skills, achievements and experience in the Internet and technology fields, commitment and related contributions. The Nomination Committee shall report the evaluation results to the Board on the appointment of suitable Director candidates and provide relevant recommendations for the Board to make decisions and formulate a general election plan. The Board shall bear the ultimate responsibility for the selection and appointment of Directors.

During the year ended 31 December 2025, the Nomination Committee held one meetings, during which the Nomination Committee assessed the independence of independent non-executive Directors and reviewed the structure, number, composition and diversity of the Board. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board was maintained and had not set any measurable objective implementing the Board diversity policy.

The attendance records for the Nomination Committee meetings are set out below for the year ended 31 December 2025:

Name of Directors	Attendance/ No. of Meetings Held
Mr. Wang Wenbin	1/1
Dr. Yan Bing	1/1
Dr. Liu Jinlu	1/1
Ms. Guan Fengdan ⁽¹⁾	0/1
Mr. Shiu Shu Ming ⁽¹⁾	0/1

Notes:

- (1) Ms. Guan Fengdan and Mr. Shiu Shu Ming were appointed as members of the Nomination Committee on 29 April 2025. No Nomination Committee meeting had been held since their appointment and up to 31 December 2025.

Corporate Governance Report

Remuneration Committee

The Company has established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. As at the date of this annual report, the Remuneration Committee currently comprises three members, including one executive Director, namely Mr. Zhao Kuanghua, and two independent non-executive Directors, namely, Dr. Yan Bing and Dr. Liu Jinlu. The Remuneration Committee is chaired by Dr. Yan Bing.

The primary duties of the Remuneration Committee are (i) to make recommendations to the Board on the Company's policy and structure for all directors and senior management members' remuneration; (ii) to be responsible for preparing remuneration packages for directors including non-executive directors and senior management members of the Company and to make recommendations to the Board on such remuneration packages; (iii) to review the performance of directors and senior management members and to conduct performance appraisals for them and (iv) to ensure that no director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration. The remuneration of all our Directors and senior management is subject to regular monitoring by our Remuneration Committee to ensure that levels of their remuneration and compensation are appropriate. The written terms of reference of the Remuneration Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

During the year ended December 31, 2025, the Remuneration Committee held one meeting, during which the Remuneration Committee has reviewed and determined the remuneration policy and structure of the Company, assessed performance of the executive Directors and the senior management of the Company, approved the terms of service contracts of the executive Directors and senior management of the Company as well as the remuneration packages of Directors and senior management and other related matters of the Company.

The attendance records for the Remuneration Committee meeting are set out below for the year ended to 31 December 2025:

Name of Directors	Attendance/ No. of Meetings Held
Dr. Yan Bing	1/1
Mr. Zhao Kuanghua	1/1
Dr. Liu Jinlu	1/1

Remuneration of Directors and Senior Management

Details of the remuneration by band of the senior management of the Company, whose biographies are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" of this annual report, for the year ended 31 December 2025, are set out below:

Remuneration range (RMB)	Number of individuals
Nil to RMB200,000	3
RMB200,001 to RMB400,000	7
Over RMB400,000	2

Further details of the remuneration of the Directors, Supervisors and the five highest paid employees required to be disclosed under Appendix D2 of the Listing Rules have been set out in Notes 9 and 10 in the section headed "Notes to the Consolidated Financial Statements" in this annual report.

Corporate Governance Report



DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025 which give a true and fair view of the consolidated financial position of the Group and of the Group's consolidated financial performance and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company has provided all members of the Board with monthly updates on the Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern. The Directors have prepared the accounts on a going concern basis.

The external auditor's statement about reporting responsibility is set out in the Independent Auditor's Report on pages 66 to 71 of this annual report.

SUPERVISORY COMMITTEE

Composition of the Supervisory Committee

As at the date of this annual report, the Supervisory Committee comprised three Supervisors as set out below:

Name of Supervisor	Position(s)	Date of Appointment	Roles and Responsibilities
Mr. Lu Xiaoliang (路曉亮)	Supervisor, employee representative Supervisor and chairperson of the Supervisory Committee	27 January 2025	Supervising the performance of duties of Directors and senior management of our Company
Mr. Wang Lei (王磊)	Supervisor	21 June 2024	Supervising the performance of duties of Directors and senior management of our Company
Mr. Ren Feiyu (任飛宇)	Supervisor	21 June 2024	Supervising the performance of duties of Directors and senior management of our Company

The biographies of the Supervisors are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" of this annual report.

During the Reporting Year and up to the date of this annual report, all members of the Board of Supervisors have complied with the principle of integrity and earnestly performed their supervisory duties in accordance with the relevant regulations set out in the PRC Company Law, the Articles of Association and Rules of Procedures for the Board of Supervisors of the Company to protect the interests of the Shareholders and the Company.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The Company is devoted to establishing and maintaining risk management and internal control systems including policies and procedures that it considers to be appropriate for its business operations, and it is dedicated to continuously improving these systems.

The Audit Committee assists the Board in reviewing of the Company's financial and operational risk management and discussing the processes used by the management to assess and manage the Company's exposure to such risks, as well as the measures used to monitor and control such risk exposures. This review formally takes place at each Audit Committee meeting, one of which includes an annual review on the effectiveness of the risk management and internal control systems.

We have designated responsible personnel in our Company to monitor the risk management and internal control performance of our Company. In addition, we have adopted a set of internal rules, policies and procedures governing the conduct of our employees to ensure effective risk management and internal control. We are dedicated to continually improving these rules, policies and procedures. Such rules, policies and procedures cover various aspects of our business operations, such as human resources, information technology and financial reporting.

Risk Management

We have developed and implemented a risk management policy to identify and address potential risks associated with our operations, including operational risks, financial risks and legal risks. Our risk management policy sets out the procedures for identifying, analysing, classifying, mitigating and monitoring risks. Our risk management policy also sets out the classification of the risks identified in our operations.

The Company has identified key risk factors based on its own business characteristics and adopted targeted risk management and control measures, including: paying attention to risk management from the awareness perspective and implementing the concept of risk precaution; improving the identification of risks from the technical perspective, and collecting full risk information; designing risk prevention and control plans from the responsibility perspective, and defining prevention and control departments for various risks; and enhancing the quality and capability of the management team from the personnel perspective, so as to enhance their risk control.

In conducting risk assessments, the Company comprehensively utilized a combination of qualitative and quantitative methods to analyse the possibility of risk occurrence and the impact on the achievement of objectives, and finally prioritized the risks according to their significance.

Establishment of the Internal Control System

The Board has established the internal control system, monitored and reviewed on an annual basis in compliance with paragraph D.2 of the CG Code. Such system is designed to manage rather to eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Our Directors are responsible for formulating and overseeing the implementation of our internal control measures and the effectiveness of our internal control system. The Audit Committee is delegated to monitor the implementation of the risk management policies and internal control system across the Company on an ongoing basis in order to ensure that the internal control system is effective in identifying, managing and mitigating risks in its business operations. The Company has an internal audit department in place.

Corporate Governance Report



Main Features of the Internal Control System and Process Used to Review the Effectiveness of the Internal Control System and Rectify Defects

Below is a summary of the internal control policies, measures and procedures our Company has implemented:

- The Board has delegated the Audit Committee chaired by Mr. Shiu Shu Ming, with the responsibility to review and supervise the financial reporting process and internal control system of the Company on an on-going basis and to review the effectiveness of the systems annually in compliance with paragraph D.2 of the CG Code. The review covers all material controls, including financial, operational and compliance controls. The duties of the Audit Committee shall include but not limited to: (i) assisting the Board in reviewing the financial information and reporting process of the Company; (ii) monitoring and reviewing risk management and internal control systems of the Company through the internal audit department; (iii) reviewing the effectiveness of the internal audit function of the Company; (iv) reviewing the scope of audit and appointment of external auditor of the Company; and (v) supervising internal investigation and reviewing the arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.
- The Company has adopted various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure.
- The Company has adopted various measures regarding conflict of interests in our operations, which enable us to identify, monitor and review transactions with potential conflict of interests, and to take corresponding actions.
- The Company has provided and will continue to provide anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations, and include relevant policies against non-compliance in employee handbooks.
- In accordance with Rule 3A.19 of the Listing Rules, the Company has engaged China Everbright Capital Limited as its compliance adviser to provide advice to its Directors and management team regarding matters relating to the Listing Rules. The Company's compliance adviser is expected to ensure the use of funding complies with the disclosure in the Prospectus, as well as to provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion.
- The Company will also consult its PRC Legal Advisor on a regular basis for advice on relevant PRC laws and regulations to increase compliance awareness and to keep it abreast of relevant regulatory developments.
- Under the Company's risk management and internal control structure, the management is responsible for the design, implementation and maintenance of risk management and internal control systems to ensure, amongst others, (i) appropriate policies and control procedures have been designed and established to safeguard the Company's assets against improper use or disposal; (ii) relevant laws, rules and regulations are adhered to and complied with; and (iii) that reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements. During the Reporting Year, major works performed by the management in relation to risk management and internal control included the following:
 - each major operation unit or department was responsible for daily risk management activities, including identifying major risks that may impact on the Company's performance; assessing and evaluating the identified risks according their likely impacts and the likelihood of occurrence; formulating and implementing measures, controls and response plans to manage and mitigate such risks;

Corporate Governance Report

- the management, together with the controller's department, monitored and reviewed the risk management and internal control systems on an ongoing basis and reported to the Audit Committee regarding the status of the systems;
- the management periodically followed up and reviewed the implementation of the measures, controls and response plans to major risks identified in order to make sure that sufficient attention, monitor and responses were paid to all major risks identified;
- the management reviewed the risk management and internal control systems periodically to identify process and control deficiencies, and designed and implemented corrective actions to address such deficiencies; and
- the management ensured appropriate procedures and measures such as safeguarding assets against unauthorized use or disposition, controlling capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publications, etc. were in place.

Procedures and Internal Controls for Processing and Releasing Inside Information

With approval from the Board and pursuant to the requirements of domestic and foreign laws and regulations, Listing Rules and Articles of Association as well as the practical conditions of our Company, our Company has formulated a policy on information disclosure management to determine the division of duties and responsibilities on information disclosure, the procedures for processing and releasing inside information and other information required to be disclosed. Pursuant to this system, our Company must, as soon as any inside information comes to its knowledge or a false market may be established, disclose the information to the public to the reasonable and practicable extent.

During the Reporting Year and up to the date of this annual report, our Company has truthfully, accurately, legally and timely disclosed information in strict compliance with the requirements of domestic and foreign laws and regulations, the Listing Rules, the Articles of Association and the policy on information disclosure management of our Company without any false statements, misleading statements or material omissions, to ensure investors will be able to receive the disclosed information fairly, timely and effectively.

Anti-corruption and Whistleblowing Policy

The Company has adopted anti-corruption and whistleblowing policies to facilitate employees and other stakeholders to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters. The Audit Committee of the Company shall review such policies regularly and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

Effectiveness of Risk Management and Internal Control

The Board has conducted an annual review of the effectiveness of the risk management and internal control systems of the Group for the above period and considered the risk management and internal control systems to be effective and adequate and the Group has established an effective risk management and internal control system, which achieves our objectives of risk management and internal control and is free of material defect and significant defect. The review has been discussed by the Company's management and evaluated by the Audit Committee.

Corporate Governance Report



Reference is made to the Company's announcements dated 24 March, 28 April 2025 and 9 July 2025 in relation to the connected transactions conducted with Jiangshengyuan Machinery during the period from 1 May 2024 to 18 November 2024. Due to inadvertent oversight, the Company failed to identify the Machinery Lease Agreements as connected transactions and announce and obtain independent Shareholders' approval for the same in accordance with Chapter 14A of the Listing Rules. The Company did not consult the Compliance Adviser prior to entering into the Machinery Lease Agreements, which resulted in an unwitting breach of Rule 3A.23 of the Listing Rules by the Company. The Company takes such incidents of non-compliance with the Listing Rules seriously and will take or has taken the remedial measures to prevent the re-occurrence of similar incidents, which include, among others, a review on the internal control procedures of the Company by the Board to be conducted by the end of 2025. The scope of review by the Board will include the following aspects subject to any adjustments that the Board deems appropriate during the review process: (i) the procurement procedure; (ii) the tendering procedure; (iii) the sub-contracting procedure; (iv) the financial reporting procedure; (iv) the notifiable transaction identification and disclosure procedure; (v) the connected transaction identification and disclosure procedure; (vi) the compliance check procedure; (vii) the investment policy and decision-making procedure; and (viii) the monitoring procedure of continuing connected transactions. For further details of the remedial measures, please refer to the Company's announcements dated 24 March, 28 April 2025 and 9 July 2025.

In order to remedy the above deficiencies identified in the connected transaction management and disclosure protocol of the Company and to prevent recurrence of similar non-compliance incidents, the Company has implemented the following remedial measures:

1. Establishment of CP Databank

The Company has assigned a designated staff member (the "**Designated Staff**") in the procurement department to establish, and update as appropriate and necessary, an enhanced and comprehensive databank of connected persons (the "**CP Databank**") of the Company, which shall include the principal connected persons of the Company and their respective associates as well as their relationship with the Company and/or its connected persons. In order to furnish the information in the CP Databank as well as to monitor the latest development of the connected persons, the Company has required (i) the Directors and Supervisors of the Company, (ii) the directors and/or supervisors (if any) of the subsidiaries of the Company, (iii) the chief executive of the Company, (iv) the substantial shareholders (as defined under the Listing Rules) of the Company and (v) the former Directors or former directors of any of the subsidiaries of the Company in the last 12 months, to submit a list of their associates to the Company. As at the Latest Practical Date, the Company has completed the collection of the lists submitted by the aforesaid persons. The Designated Staff in the procurement department, together with the finance department and the chief financial officer (the "CFO") (Ms. Guan Fengdan) of the Company, finished reviewing such lists and the Designated Staff completed recording the relevant information in the CP Databank in late June 2025. As at the Latest Practical Date, the CFO has led the finance department to review and cross-check the information in the CP Databank and the CP Databank has already been implemented in the Group's supplier and customer admission process and transaction approval process in such manners as described below.

Any updates to the CP Databank will also require review and approval from the CFO to ensure the accuracy and completeness of the information in the CP Databank. The primary responsibilities of the Designated Staff include: (i) establishing and updating the CP Databank in coordination with the CFO and the finance department of the Company; and (ii) initiating the review and admission procedures for suppliers and customers. The CP Databank will function as an open internal resource to which all the approving officers at each stage of the contract approval and suppliers or customers admission procedures will have access.

Corporate Governance Report

Given that (i) the procurement department is the unit originating the procurement transactions in the Group, (ii) the procurement department handles the highest transaction volume in the Group, and (iii) the majority of the customers of the Group are state-owned enterprises or government entities, and hence present a lower chance of being connected persons of the Company; whereas the suppliers of the Group mostly consist of private enterprises, making it necessary to conduct case-by-case verification to examine potential connected relationships, the Board is of the view that the arrangement of assigning the Designated Staff in the procurement department to handle the CP Databank is sufficient and appropriate.

2. Enhancing connected person identification measures in the supplier and customer admission process.

The new suppliers and customers of the Group will be admitted through the following process:

- (i) in the occasion that the transaction initiating staff intends to initiate a transaction with a new supplier or customer which is not in the existing supplier or customer database of the Group, the transaction initiating staff will submit a request to the Designated Staff for admission of the new supplier or customer into the Group's database;
- (ii) the Designated Staff, after receiving the request from the transaction initiating staff, will conduct searches on the new supplier or customer using publicly available sources and make reasonable enquiries with such new supplier or customer to verify whether it has any relationship with the Company and its connected persons. The Designated Staff will also request for a negative confirmation from the new supplier or customer if nothing from the search results and enquiries evidences a connected relationship between the new supplier or customer and the Company and its connected persons;
- (iii) the Designated Staff will then submit the search results, enquiry records and negative confirmation (if any) from the new supplier and customer to the CFO for a further review. The CFO will also conduct an independent search on the new supplier or customer to double check the search results submitted by the Designated Staff and make further enquiries with the new supplier and customer if he deems necessary;
- (iv) in the event that the new supplier or customer is identified as a connected person through the foregoing process, (a) the Designated Staff will update the CP Databank accordingly, and (b) the proposed transaction, if approved by the management, will proceed as a connected transaction in accordance with the CT Protocol; and
- (v) in the event that the new supplier or customer is not identified as a connected person through the process as set out in (i) to (iii) above, it will be admitted into the supplier or customer database of the Group and the proposed transaction will then go through the transaction approval process. Nevertheless, to prevent the incidents where the Company enters into transactions with a supplier or customer which subsequently becomes a connected person after admission into the Group's database, the transactions with the existing supplier or customer will be closely monitored through the transaction approval process and regular updates on the CP Databank as illustrated below.

3. Enhancing connected person identification measures in the transaction approval process

All kinds of transactions of the Group including procurement transactions, construction service transactions and acquisition or disposals will undergo the following transaction approval process before execution:

- (i) as the CP Databank will operate as an open internal resource to which all the approving officers at each stage of the contract approval and suppliers or customers admission procedures will have access, the transaction initiating staff will conduct the first search in the CP Databank to check if the transaction counterparty (typically an existing supplier or customer in the Group's database) is a connected person identified in the CP Databank;

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- (ii) the transaction initiating staff will also notify the Designated Staff of the proposed transactions and request the Designated Staff to conduct a follow-up search on the transaction counterparty to check if there is any change in its position as recorded in the CP Databank. The CFO will review the result of such follow-up search to ensure its accuracy; and
- (iii) the proposed transaction will be subsequently considered and subject to approval by the department head, the CFO and eventually the president of the Company during which each of them is required to search the CP Databank separately to examine and verify whether the transaction counterparty is a connected person.

4. Timely and regular updates on and maintenance of the CP Databank

Given the complexity in identifying connected persons so as to monitor connected transactions, the Company considers that it is vital to ensure the accuracy and completeness of the information in the CP Databank. Accordingly, the Company has implemented the following measures to keep the CP Databank up-to-date and effective:

- (i) requiring the newly appointed Directors, the Supervisors and the chief executive of the Company as well as the directors, supervisors (if any) and the chief executive of the subsidiaries of the Company to complete and submit the connected person questionnaire to the Company before his or her formal appointment, enabling the Company to promptly include their associates in the CP Databank;
- (ii) requiring (a) the incumbent Directors, the Supervisors and the chief executive of the Company as well as the incumbent directors and/or supervisors and chief executive (if any) of the subsidiaries of the Company and (b) the former Directors and the former directors of the subsidiaries of the Company who departed from such position during the past 12 months, to report changes in their associates to the Company as soon as practicable (normally within three business days after he or she becomes aware of such changes) and upon receiving such reports, the Company will promptly direct the Designated Staff in the procurement department to reflect the same changes in the CP Databank. The Company will also require the incumbent Directors, the Supervisors and the chief executive of the Company as well as the incumbent directors and/or supervisors and chief executive (if any) of the subsidiaries of the Company to submit confirmation every six months to declare whether there is any change in their associates;
- (iii) the Company will also approach and request the substantial shareholder(s) (as defined under the Listing Rules) of the Company and its subsidiaries to complete and submit the connected person questionnaire to the Company within three business days (if possible) after such shareholder(s) become substantial shareholder(s) of the Company or its subsidiaries;
- (iv) the aforesaid connected person questionnaire, the reports on changes in associates and the periodic confirmations will be collected by the Designated Staff who will then update the CP Databank as appropriate;
- (v) updating the CP Databank more frequently on a monthly basis by conducting searches in the public domain, and subscribing for public search platform services to receive notifications for updates on the related companies of persons on the customised watch list. The Designated Staff will compile the watch list based on the existing supplier and customer database as well as the identified connected persons of the Group, which will enable the Company to monitor the shareholding changes or investment activities of the entities and individuals on the watch list to prevent the incidents where a non-connected person subsequently becomes connected with the Group and the Company enters into transactions with it without noticing a change in its status. Any updates made by the Designated Staff to the CP Databank will need to be reviewed and approved by the CFO to ensure the accuracy and completeness of the information in the CP Databank; and

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- (vi) requiring staff members in other transaction departments than the procurement department to inform the designated staff of potential connected persons identified in the proposed transactions they are handling and the designated staff shall update the CP Databank accordingly if the connected relationship can be verified.

5. Introducing more practical control measures into the CT Protocol

To enhance the operational practicality of the CT Protocol, on 11 June 2025 and with the assistance of the Hong Kong Legal Adviser and the Compliance Adviser, the Board resolved to add more practical control measures into the CT Protocol as follows:

- (i) codifying the duties and routine tasks of the Designated Staff including his responsibilities under the supplier or customer admission procedures, the transaction approval process and the updates and maintenance of the CP Databank;
- (ii) establishing the mandatory requirements for checking the transaction counter-parties in the CP Databank at each transaction approval level;
- (iii) setting out requirements for the newly appointed Directors, the Supervisors and the chief executive of the Company as well as the directors and/or supervisors and chief executive of the subsidiaries of the Company to submit a list of their associates before their formal appointment;
- (iv) setting out clear obligations of (a) the Directors and the Supervisors as well as the directors and/or supervisors of the subsidiaries of the Company and (b) the former Directors as well as the former directors of the subsidiaries of the Company during the past 12 months, to submit a list of their associates and report changes thereto to the Company in a timely manner;
- (v) requiring a periodic confirmation from the Directors, the Supervisors and the chief executive of the Company as well as the directors and/or supervisors and the chief executive (if any) of the subsidiaries of the Company regarding whether there is any change in their associates every six months; and
- (vi) requesting the substantial shareholder(s) (as defined under the Listing Rules) of the Company and its subsidiaries to complete and submit the connected person questionnaire to the Company within three business days (if possible) after such shareholder(s) become substantial shareholder(s) of the Company or its subsidiaries.

The details of the above key findings, corresponding recommendations, the Company's response and the remediation status have also been disclosed in the announcement of the Company dated 9 July 2025.

The Compliance Adviser has reviewed the above remedial measures implemented by the Company and the enhanced CT Protocol on 9 July 2026.

The Company expects that the current deficiencies in its internal control procedures regarding connected transactions will be remedied with the adoption of the remedial measures as set out above and the enhanced CT Protocol.

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DIVIDEND POLICY

Our Board may declare dividends in the future after taking into account various factors including our future earnings and cash inflows, future plan for use of funds, long-term development of our business and other legal and regulatory restrictions.

The Company is a joint stock limited company incorporated under the laws of the People's Republic of China. The payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the profit for the year determined according to PRC accounting principles. PRC laws also require foreign invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves until the aggregate amount of such reserves reach 50% of its registered capital, which are not available for distribution as cash dividends.

AUDITOR'S REMUNERATION

The remuneration for the audit services provided by the Auditor to the Company for the year ended 31 December 2025 amounted to approximately RMB1.5 million.

The detailed analysis of the remuneration paid to auditor for audit and non-audit services during the year is as follows:

Types of services provided by auditor	Amount RMB million
– 2025 Annual Financial Statements Audit Service	1.5
– 2025 ESG Consulting Services	0.1
total	1.6

JOINT COMPANY SECRETARIES

Mr. Li Kai and Mr. Lui Wing Yat Christopher resigned as the joint company secretaries of the Company, effective from 26 January 2026.

Mr. Zhao Kuanghua (趙匡華), has been one of our joint company secretaries with effect from 26 January 2026, who is responsible for advising the Board on corporate governance matters and ensuring that the Board's policies and procedures, as well as the applicable laws, rules and regulations are followed. Mr. Zhao is also an executive Director and the president officer of our Company. Please see the paragraph headed "Directors – Executive Directors" in this section for his biography.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company engaged **Ms. Chan Yan Lam (陳恩霖)**, an assistant manager of company secretarial services department of Tricor Services Limited as the other joint company secretary to assist Mr. Zhao, with effect from 26 January 2026. Ms. Chan is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures and applicable laws, rules and regulations are followed. Mr. Zhao has also been designated as the primary contact person at the Company who would work and communicate with Ms. Chan on the Company's corporate governance and secretarial and administrative matters.

Mr. Li and Mr. Lui have confirmed that they received no less than 15 hours of relevant professional training during the year ended 31 December 2025 and therefore complied with Rule 3.29 of the Listing Rules.

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COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Company's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The AGM provides opportunity for the Shareholders to communicate directly with the Directors. The Chairman of the Company and the chairmen of the Board Committees of the Company will attend the AGMs to answer Shareholders' questions.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at www.tjcdg.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

The Company's management regularly reviewed the implementation and effectiveness of these shareholder communication channels and confirmed their effectiveness during the Relevant Period.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

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

Convening of Extraordinary General Meeting and Putting forward Proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association pursuant to Article 59. Pursuant to Article 50 of the Articles of Association, the Company shall convene an extraordinary general meeting at the request of Shareholders who individually or collectively hold more than 10% of the Company's shares. However, pursuant to Article 55 of the Articles of Association, prior to the announcement of the resolutions approved at the general meeting, the shareholders convening such meeting shall hold at least 10% shares in the Company.

When the Company convenes a shareholders' general meeting, the shareholders who individually or collectively hold(s) three 3% or more of the Shares shall be entitled to make proposals to the shareholders' general meeting. The shareholder(s), who individually or collectively hold(s) one percent (1%) or more of the Shares, may submit ad hoc proposals in writing to the convener ten (10) days before the convening of the shareholders' general meeting. The ad hoc proposals shall include clear topics and specific resolutions. The convener shall issue a supplemental notice of the shareholders' general meeting within two (2) days upon receipt of the proposals to announce the contents of the ad hoc proposals, and the convener shall inform other shareholders of the shareholders' general meeting and submit the same to the shareholders' general meeting for consideration, unless the ad hoc proposals violate the laws, administrative regulations or provisions of the Articles, or do not fall within the scope of the functions and powers of the shareholders' general meeting.

The convener shall notify all shareholders by written meeting notice twenty-one (21) days before the date of convening the annual general meeting and fifteen (15) days before the date of convening the extraordinary general meeting.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

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Enquiries to the Board and Contact Details

Shareholders who intend to put forward their enquiries about the Company to the Board may put enquiries to the investor relations working team of the Company or the Office of the Board through the following channels:

- (i) by mail to the Company's head office in the PRC at No. 112 Dongting Road, Economic and Technological Development Zone, Binhai New Area, Tianjin, PRC, or to the Company's principal place of business in Hong Kong at Room 1918, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong; or
- (ii) by telephone at (86) 22-2536 1111

CHANGE IN CONSTITUTIONAL DOCUMENTS

On 27 February 2025 and 17 June 2025, the adjustment of the business scope of the Company and amendments to the Articles of Association were approved at the extraordinary general meeting and the annual general meeting of the Company respectively. The amended Articles of Association became effective on 27 February 2025 and 17 June 2025 respectively.

On 28 November 2025, the adoption of a no-par value share system and amendments to the Articles of Association were approved at the extraordinary general meetings of Company. The amended Articles of Association became effective on 28 November 2025.

On 6 March 2026, the adjustment of increase in registered capital and amendments to the Articles of Association of the Company were approved at the extraordinary general meeting of the Company. The amended Articles of Association became effective on 9 March 2026.

Save as disclosed above, there has been no amendment to the constitutional documents of the Company as to the date of this annual report. Should the Company propose to amend the Articles of Association, the proposed amendments and adoption of a new Articles of Association would be subject to the approval of the Shareholders by way of special resolution at a general meeting, and prior to the passing of such special resolution at a general meeting, the existing Articles of Association shall remain valid.

The latest full text of the Articles of Association is also available on the Company's website and the Hong Kong Stock Exchange's website.

DIVERSITY

The Company is committed to promote diversity in our Company to the extent practicable by taking into consideration a number of factors in respect of our corporate governance structure. The Company seeks to achieve board diversity and workforce diversity through the consideration of a number of factors, including but not limited to gender, age, language, cultural background, educational background, industry experience and professional experience.

We have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. The Board Diversity Policy is well implemented as evidenced by the fact that there are one female and seven male Directors with experience from different industries and sectors. For more details, please refer to the section headed "Corporate Governance Report – Board of Directors – Board Diversity Policy" in this annual report. In FY2025, we hired 147 full-time employees, of which 108 were male and 39 were female. As at 31 December 2025, the gender ratio in the workforce (including senior management) was approximately 2.77 males to 1 female. The Company will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness.

Independent Auditor's Report

To the shareholders of Tianjin Construction Development Group Co., Ltd.

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

OPINION

We have audited the consolidated financial statements of Tianjin Construction Development Group Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 72 to 129, which comprise the consolidated statement of financial position as at 31 December 2025, 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, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") 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 ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Recognition of construction contract revenue

Refer to Note 4 to the consolidated financial statements and the accounting policies in Note 2(r)(i).

The Key Audit Matter

The Group is principally engaged in construction businesses.

During the year ended 31 December 2025, 94% of the Group's total revenue was recognised progressively over time using input method based on the proportion of costs incurred up to the end of reporting period compared to the total estimated costs to complete the contract when control of the goods or service is transferred to the customer.

The measurement of the revenue therefore relies on estimations of total estimated costs to completion. Changes to total estimated costs to completion could have significant impact in the amount of revenue recognised.

We identified the recognition of construction contract revenue based on percentage of completion as a key audit matter because of the significance of revenue and there is a high degree of risk and associated management judgement in estimating total estimated costs to completion and the amount of revenue to be recognised by the Group.

How the matter was addressed in our audit

Our audit procedures to assess the recognition of construction contract revenue based on percentage of completion included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls over the estimation and revision of total estimated costs to completion;
- challenging the reasonableness of the Group's estimates of total estimated costs to complete the contract, on a sample basis, by considering the Group's historical records of gross profit margins for similar contracts;
- assessing whether costs incurred were accounted for in the appropriate period and comparing costs incurred during the current period to invoices or statements issued by suppliers or subcontractors and other supporting documentation on a sample basis;
- performing a re-calculation of revenue recognised for individual contract, on a sample basis, based on the total estimated costs to completion, the costs incurred to date and the agreed contract price;
- inspecting the contracts with customers, suppliers and subcontractors, on a sample basis, to identify key terms and conditions, including the contract period, the contract sum, the scope of work, and evaluating whether these key terms and conditions had been appropriately reflected in the total estimated costs to completion and the amount of revenue to be recognised;
- performing site visits for contracts in progress on a sample basis, physically observing the stage of completion of the contract and discussing the status of the contract with the site project managers; and
- assessing the reasonableness of the related disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Expected credit loss allowances for contract assets and trade receivables

Refer to Notes 17(a), 18 and 27(a) to the consolidated financial statements and the accounting policies in Note 2(h)(i).

The Key Audit Matter

As at 31 December 2025, the aggregate carrying amount of the Group's contract assets and trade receivables was RMB533 million.

The Group measured the loss allowances on contract assets and trade receivables, with the assistance of an external valuer, at amounts equal to lifetime expected credit losses (the "ECL"), based on the probability of default and loss given default.

We identified the ECL assessment for contract assets and trade receivables as a key audit matter because of the significant balances of these assets at the end of the reporting period and because the recognition of the ECL allowances is inherently subjective and requires the exercise of significant management judgement.

How the matter was addressed in our audit

Our audit procedures to assess the ECL allowances for contract assets and trade receivables included the following:

- obtaining an understanding of and assessing the design and implementation of key internal controls over the credit control and estimation of the ECL allowances;
- evaluating the Group's policy and method for estimating the ECL allowances with reference to IFRS 9;
- assessing whether items in the ageing report were categorised appropriately for contract assets and trade receivables by comparing a sample of individual items with the underlying documentation;
- evaluating the independence, competence and experience of the external valuer engaged by management;
- involving our internal financial risk specialists to evaluate the appropriateness of the model and assumptions used by the external valuer to estimate the ECL allowances, to challenge the key inputs adopted in the model by checking the inputs against information from external sources, and to recalculate the ECL allowances; and
- assessing the related disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Independent Auditor's Report



INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. We obtained all of the other information prior to the date of this auditor's report apart from a full set of finalised annual report not yet received. This remaining information is expected to be made available to us after that date.

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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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 are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Independent Auditor's Report

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

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional 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.
- 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.

Independent Auditor's Report



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

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 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 Chu Man Wai (practising certificate number: P04995).

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025
(Expressed in Renminbi ("RMB"))

	Note	2025 RMB'000	2024 RMB'000
Revenue	4	244,392	302,501
Cost of sales		(226,722)	(227,150)
Gross profit		17,670	75,351
Other net (loss)/income	5	(674)	3,335
Operating and administrative expenses		(34,339)	(38,526)
Impairment losses on trade receivables, lease receivables, other receivables and contract assets	6	(27,182)	(14,614)
(Loss)/profit from operations		(44,525)	25,546
Finance costs	7(a)	(746)	(1,628)
(Loss)/profit before taxation		(45,271)	23,918
Income tax	8	(3,264)	(2,168)
(Loss)/profit and total comprehensive income for the year attributable to equity shareholders of the Company		(48,535)	21,750
(Loss)/earnings per share			
Basic and diluted (RMB yuan)	11	(0.22)	0.11

The notes on pages 78 to 129 form part of these financial statements. Details of dividends payable to equity shareholders of the Company for the year are set out in Note 26(c).

Consolidated Statement of Financial Position

At 31 December 2025

(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	12	47,729	44,684
Investment properties	13	7,554	8,403
Right-of-use assets	14	4,891	3,296
Lease receivables	15	-	6,123
Deferred tax assets	25(b)	3,370	6,628
Other non-current assets		2,959	953
		66,503	70,087
Current assets			
Inventories		1,227	1,774
Contract assets	17(a)	295,639	300,456
Trade receivables	18	237,842	290,965
Lease receivables	15	-	1,530
Prepayments, deposits and other receivables	19	20,646	23,490
Restricted bank deposits	20	1,978	2,452
Cash and cash equivalents	20	25,941	19,601
		583,273	640,268
Current liabilities			
Trade and bills payables	21	316,692	298,805
Contract liabilities	17(b)	2,915	916
Accrued expenses and other payables	22	27,497	35,212
Lease liabilities	23	1,390	802
Bank loans	24	17,500	40,000
Income tax payable	25(a)	-	3,443
		365,994	379,178
Net current assets		217,279	261,090
Total assets less current liabilities		283,782	331,177

Consolidated Statement of Financial Position

At 31 December 2025
(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Lease liabilities	23	3,441	2,301
Net assets		280,341	328,876
CAPITAL AND RESERVES	26		
Share capital		215,795	215,795
Reserves		64,546	113,081
TOTAL EQUITY		280,341	328,876

Approved and authorised for issue by the board of directors on 30 March 2026.

Wang Wenbin
Director

Zhao Kuanghua
Director

The notes on pages 78 to 129 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025
(Expressed in RMB)

	Share capital RMB'000 (Note 26(b))	Capital reserve RMB'000 (Note 26(d))	Statutory reserve RMB'000 (Note 26(e))	Special reserve RMB'000 (Note 26(f))	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
Balance at 1 January 2024	161,845	26,009	3,603	5,885	27,845	225,187
Changes in equity for 2024:						
Profit and total comprehensive income for the year	-	-	-	-	21,750	21,750
Issuance of shares by initial public offerings (Note 26(b))	53,950	27,989	-	-	-	81,939
Appropriation to reserves	-	-	2,613	2,563	(5,176)	-
Balance at 31 December 2024 and 1 January 2025	215,795	53,998	6,216	8,448	44,419	328,876
Changes in equity for 2025:						
Loss and total comprehensive income for the year	-	-	-	-	(48,535)	(48,535)
Appropriation to reserves	-	-	-	4,103	(4,103)	-
Balance at 31 December 2025	215,795	53,998	6,216	12,551	(8,219)	280,341

The notes on pages 78 to 129 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025
(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Operating activities			
(Loss)/profit before taxation		(45,271)	23,918
Adjustments for:			
Depreciation of property, plant and equipment	7(c)	3,939	3,571
Depreciation of investment properties	7(c)	404	336
Depreciation of right-of-use assets	7(c)	883	811
Net loss on disposal of property, plant and equipment and right-of-use assets		76	-
Finance costs	7(a)	746	1,628
Impairment losses on trade receivables, lease receivables, other receivables and contract assets	6	27,182	14,614
Impairment loss on investment properties	13	445	-
Interest income on finance lease	5	-	(518)
Exchange difference		(1)	(59)
Changes in working capital:			
Decrease/(increase) in inventories		547	(1,492)
Increase in contract assets		(16,723)	(86,695)
Decrease/(increase) in trade receivables		53,825	(65,295)
Increase in prepayments, deposits and other receivables		(1,517)	(20,643)
Increase in trade and bills payables		17,887	23,021
(Decrease)/increase in accrued expenses and other payables		(5,821)	9,347
Increase in contract liabilities		1,999	167
Decrease in restricted bank deposits		474	1,917
Cash generated from/(used in) operations		39,074	(95,372)
Income tax paid	25(a)	(3,449)	(7,701)
Net cash generated from/(used in) operating activities		35,625	(103,073)

The notes on pages 78 to 129 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Investing activities			
Payments for the purchase of property, plant and equipment and other non-current assets		(3,214)	(2,927)
Rentals received		-	712
Proceeds from repayment of advances granted to third parties		17,906	-
Payments for advances granted to third parties		(19,906)	-
Net cash used in investing activities		(5,214)	(2,215)
Financing activities			
Proceeds from capital contributions		-	122,314
Proceeds from bank loans	20(b)	15,000	40,000
Proceeds from advances received from third parties	20(b)	9,000	-
Repayment of bank loans	20(b)	(37,500)	(20,000)
Repayment of advances received from third parties	20(b)	(9,000)	-
Payments for issuance costs in connection with the proposed issuance of the Company's H shares		-	(21,317)
Interest element of lease rentals paid	20(b)	(121)	(121)
Interest paid	20(b)	(625)	(1,507)
Capital element of lease rentals paid	20(b)	(826)	(961)
Net cash (used in)/generated from financing activities		(24,072)	118,408
Net increase in cash and cash equivalents		6,339	13,120
Cash and cash equivalents at 1 January	20(a)	19,601	6,422
Effect of foreign exchange rate changes		1	59
Cash and cash equivalents at 31 December	20(a)	25,941	19,601

The notes on pages 78 to 129 form part of these financial statements.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

Tianjin Construction Development Group Co., Ltd. (天津建设发展集团股份公司, the “**Company**”) (formerly known as Shanshengyuan Construction Co., Ltd. (山盛源建设有限公司)) was established in the People’s Republic of China (the “**PRC**”) on 4 November 2010 as a limited liability company under the laws of the PRC and was converted into a joint stock limited liability company on 6 June 2023. The Company’s H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 23 April 2024.

The Company and its subsidiaries (together, the “**Group**”) are principally engaged in construction businesses.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries.

The functional currency of the Company and its subsidiaries is RMB and the consolidated financial statements are presented in RMB.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

For the year ended 31 December 2025, the Group incurred net loss of RMB48,535,000. Notwithstanding the above condition, the directors of the Company consider that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern. Management of the Group had prepared a cash flow forecast of the Group for at least the next twelve months from 31 December 2025, which has taken into account the following:

- The Group continues to improve its operating cash flows by accelerating the progress billings and collection of trade receivables, actively participating in bidding, and negotiating with suppliers on payment terms;
- The Group continues the negotiations with various banks to renew the short-term bank loans upon maturity and/or provide additional bank facilities to the Group; and
- Mr. Wang Wenbin (the ultimate controlling party) has committed to provide the necessary financial support, including but not limited to continue to provide guarantees to the bank loans of the Group upon maturity and provide additional borrowing facilities to the Group.

Based on the cash flow forecast of the Group prepared by the management, the directors of the Company are of the opinion that the Group will have adequate funds to meet its liabilities as and when they fall due for at least twelve months from the end of the reporting period. Accordingly, the directors of the Company consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(c) Changes in accounting policies

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(h)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(e) Investment property

Investment properties are land and/or buildings which are owned for capital appreciation.

Investment properties are stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)). The depreciation policy is the same as that of property, plant and equipment (see Note 2(f)).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(e) Investment property (Continued)

Depreciation is calculated to write off the cost of investment properties, less their estimated residual values, if any, using the straight-line method over their estimated useful lives as follows:

	Estimated useful lives
Investment properties	21 years

(f) Property, plant and equipment

Property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see Note 2(h)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write-off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives as follows:

	Estimated useful lives
Buildings and buildings improvements	20 years
Motor vehicles and other equipment	3–10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the estimated useful life of an asset and its residual value are reviewed annually. No depreciation is provided in respect of construction in progress until it is completed and ready for its intended use.

(g) Leased assets

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

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(g) Leased assets (Continued)

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost. Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(g) Leased assets (Continued)

(i) As a lessee (Continued)

In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(r).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(g)(i), then the Group classifies the sub-lease as an operating lease.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including trade receivables and deposits and other receivables);
- contract assets as defined in IFRS 15 (see Note 2(j)); and
- lease receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between contractual and expected amounts.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and contract assets and lease receivables (Continued)

Measurement of ECLs (Continued)

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade receivables, deposits and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate; and
- lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12 – month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, leases receivables and contract assets are always measured at an amount equal to lifetime ECLs.

For all other financial instruments, the Group recognises a loss allowance equal to 12 – month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and contract assets and lease receivables (Continued)

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

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

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and contract assets and lease receivables (Continued)

Credit-impaired financial assets (Continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets (Continued)

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Note 2(h)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(i) Inventories and other contract costs

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Inventories and other contract costs (Continued)

(i) Inventories (Continued)

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold or assigned to specific construction contracts, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory, property, plant and equipment (see Note 2(f)) or intangible assets.

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised.

(j) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(r)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in Note 2(h)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(k)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(r)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(k)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(r)(iv)).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(j)).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 2(h)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(h)(i).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(u).

(o) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(p) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(q) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 2(h)(ii)).

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(r) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods and the provision of services in the ordinary course of the Group's business.

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

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on construction and maintenance services under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method. Under the cost-to-cost method, revenue is recognised based on the proportion of the actual costs incurred relative to the estimated total costs to provide a faithful depiction of the transfer of those services.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(r) Revenue and other income (Continued)

(i) Construction contracts (Continued)

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

The Group's construction contracts include payment schedules which require stage payments over the construction period once milestones are reached. The Group also typically agrees to a retention period for certain of the contract value which the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection. To the extent that the difference in timing arises for reasons other than the provision of finance, no financing component is deemed to exist.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy set out in Note 2(q).

(ii) Sales of goods or rights

Revenue is recognised when the customer takes possession of and accepts the products or rights. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

(iii) Service income

For provision of services, the Group recognises revenue in the amount to which the Group has the right to invoice based on the value of performance completed on a monthly basis.

If contracts involve the provision of multiple services, the transaction prices are allocated to each performance obligation based on their relative stand-alone selling prices.

(iv) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(r) Revenue and other income (Continued)

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as other income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(s) Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. Other development expenditure is recognised as an expense in the period in which it is incurred.

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(v) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(v) Related parties *(Continued)*

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Key sources of estimation uncertainty are as follows:

(a) Revenue recognition

As explained in policy Note 2(r), revenue from construction contracts are recognised over time. Such revenue and profit recognition on incomplete projects is dependent on estimating the total outcome of the contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activities undertaken by the Group, the Group has made estimates of the point at which it considered the work was sufficiently advanced such that the outcome of the contract can be reasonably measured. Until this point is reached the related contract assets do not include profit which the Group might eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(b) Impairment losses for receivables and contract assets

The management maintains a loss allowance for receivables and contract assets for estimated losses resulting from the inability of the customers and other debtors to make the required payments. The management bases the estimates on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions. If the financial condition of the customers and debtors were to deteriorate, actual write-offs would be higher than estimated.

(c) Recognition of deferred tax assets

Deferred tax assets in respect of deductible temporary differences and unused tax losses are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred assets, expected taxable profits are estimated which involves a number of assumptions relating to the future operating performance of the Group and requires a significant level of judgement exercised by the management. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit or loss in future periods.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in construction businesses in the PRC.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by timing of revenue recognition is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by timing of revenue recognition		
– Overtime	230,374	296,120
– Point in time	14,018	6,381
	244,392	302,501

During the years ended 31 December 2025 and 2024, the Group's customers with whom transactions have exceeded 10% of the total revenue of the Group are as follows. Details of concentrations of credit risk arising from largest debtors are set out in Note 27(a).

	2025 RMB'000	2024 RMB'000
Customer A	86,035	–
Customer B	79,564	163,795
Customer C	*	37,826

*: The corresponding customer did not contribute over 10% of the total revenue of the Group in the respective year.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(a) Revenue (Continued)

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The following table includes the aggregated amounts of the transaction price allocated to the remaining performance obligations under the Group's existing construction contracts. The transaction price does not include any estimated amounts of completion bonuses that the Group may earn in the future by meeting the conditions set out in the Group's construction contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur over the next 12 months.

	2025 RMB'000	2024 RMB'000
Remaining performance obligations expected to be satisfied	199,863	136,676

(b) Segment reporting

IFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, as for the purpose of making decisions about resources allocation and performance assessment, the Group's management reviews on the operating results of the Group as a whole, the Group has determined that it only has one operating segment during the reporting period.

The Group does not have assets or operation outside the PRC. The Group's revenue is generated from customers in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

5 OTHER NET (LOSS)/INCOME

	2025 RMB'000	2024 RMB'000
Property management services	-	572
Interest income on finance lease	-	518
Interest income on bank deposits	30	97
Government grants	707	189
Net foreign exchange (losses)/gains	(23)	2,320
Impairment loss of investment property	(445)	-
Others	(943)	(361)
	(674)	3,335

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

6 IMPAIRMENT LOSSES ON TRADE RECEIVABLES, LEASE RECEIVABLES, OTHER RECEIVABLES AND CONTRACT ASSETS

	2025 RMB'000	2024 RMB'000
(Reversal of impairment losses)/impairment losses on trade receivables	(702)	6,827
Impairment losses on contract assets	21,540	7,514
Impairment losses on prepayments, deposits and other receivables and lease receivables	6,344	273
	27,182	14,614

7 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

(a) Finance costs

	2025 RMB'000	2024 RMB'000
Interest on bank loans and lease liabilities	746	1,628

(b) Staff costs

	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	16,743	17,482
Contributions to defined contribution retirement schemes (Note)	1,838	2,293
	18,581	19,775

Note: The employees of the subsidiaries of the Group participate in defined contribution retirement benefit scheme managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes during the reporting period. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC, from the above-mentioned retirement scheme at their normal retirement age.

The Group has no further obligation for payment of other retirement benefits beyond the above contributions. Contributions to the scheme vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

7 (LOSS)/PROFIT BEFORE TAXATION (Continued)

(c) Other items

	2025 RMB'000	2024 RMB'000
Depreciation of property, plant and equipment (Note 12)	3,939	3,571
Depreciation of investment properties (Note 13)	404	336
Depreciation of right-of-use assets (Note 14)	883	811
Research and development costs	7,089	10,983
Professional service fee in connection with the proposed initial public offering of the Company's H Shares	-	959
Auditor's remuneration	1,500	2,100
Cost of inventories	77,668	118,439

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2025 RMB'000	2024 RMB'000
Current tax (Note 25(a))		
Provision for the year	6	4,462
Deferred tax (Note 25(b))		
Origination and reversal of temporary differences	3,258	(2,294)
	3,264	2,168

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

(b) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates

	2025 RMB'000	2024 RMB'000
(Loss)/profit before taxation	(45,271)	23,918
Expected tax on (loss)/profit before taxation, calculated at the rate applicable (Note (i))	(11,318)	5,980
Tax effect of non-deductible expenses	428	413
Tax effect of unused tax losses and deductible temporary differences not recognised	18,378	349
Tax effect of utilisation of prior years' unused tax losses previously not recognised	-	(16)
Tax effect on additional deduction of research and development costs (Note (iii))	(1,830)	(2,796)
Effect of preferential tax rate and tax concessions (Note (ii))	(2,394)	(1,762)
Income tax expense	3,264	2,168

Notes:

- (i) The Company and the subsidiaries of the Group established in the PRC are subject to the PRC Corporate Income Tax rate of 25% for the year ended 31 December 2025 (2024: 25%).
- (ii) The PRC Corporate Income Tax Law allows enterprises to apply for certificate of "High and New Technology Enterprise" ("HNTÉ"), which entitles the qualified companies to a preferential income tax rate of 15%, subject to fulfilment of the recognition criteria.
- The Company was qualified as a HNTÉ and entitled to the preferential tax rate of 15% for the year ended 31 December 2025 (2024: 15%).
- (iii) According to the relevant tax rules in the PRC, qualified research and development expenses are allowed for additional tax deduction based on 100% of the relevant expenses for the year ended 31 December 2025 (2024: 100%).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of the emoluments of the directors and supervisors of the Company are as follows:

	2025				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors (Note (i))					
Mr. Zhao Kuanghua	-	371	45	48	464
Mr. Li Kai	-	395	-	48	443
Mr. Yang Youhua	-	234	2	33	269
Mr. Ni Baqun	-	202	-	27	229
Ms. Guan Fengdan	-	326	15	45	386
Non-executive director					
Mr. Wang Wenbin	-	288	5	40	333
Independent non-executive directors (Note (ii))					
Dr. Yan Bing	112	-	-	-	112
Mr. Shiu Shu Ming	112	-	-	-	112
Dr. Liu Jinlu	112	-	-	-	112
Supervisors (Note (iii))					
Ms. Wang Ling	-	46	-	5	51
Mr. Wang Lei	-	184	-	28	212
Mr. Ren Feiyu	-	186	-	25	211
Mr. Lu Xiaoliang	-	232	-	31	263
	336	2,464	67	330	3,197

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

	2024				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors (Note (i))					
Mr. Zhao Kuanghua	-	362	-	47	409
Ms. Zhao Xiaorong	-	199	-	39	238
Mr. Li Kai	-	392	-	47	439
Mr. Yang Youhua	-	245	-	35	280
Mr. Ni Baqun	-	199	-	28	227
Ms. Guan Fengdan	-	27	-	4	31
Non-executive director					
Mr. Wang Wenbin	-	287	-	40	327
Independent non-executive directors (Note (ii))					
Dr. Yan Bing	77	-	-	-	77
Mr. Yang Shitai	36	-	-	-	36
Mr. Shiu Shu Ming	109	-	-	-	109
Dr. Liu Jinlu	18	-	-	-	18
Supervisors (Note (iii))					
Ms. Wang Ling	-	221	-	30	251
Mr. Wang Lei	-	93	-	13	106
Mr. Ren Feiyu	-	90	-	11	101
Mr. Hu Shixin	-	71	-	9	80
Ms. Zhu Yiwei	-	9	-	5	14
	240	2,195	-	308	2,743

Notes:

- (i) On 2 December 2024, Ms. Zhao Xiaorong resigned, and on 20 December 2024, Ms. Guan Fengdan was appointed as executive director of the Company. Prior to being the executive directors of the Company, the aggregate emoluments of Ms. Guan Fengdan for the period from 1 January 2024 to 20 December 2024 was RMB154,000. On 26 January 2026, Mr. Li Kai resigned as executive director of the Company.
- (ii) On 21 August 2024, Mr. Yang Shitai tendered his resignation letter which took effect on 10 October 2024, and on 10 October 2024, Dr. Liu Jinlu was appointed as independent non-executive director of the Company.
- (iii) On 27 January 2025, Mr. Lu Xiaoliang was appointed as supervisor of the Company and Ms. Wang Ling resigned as supervisor. Prior to being the supervisor of the Company, the aggregate emoluments of Mr. Lu Xiaoliang for the period from 1 January 2025 to 27 January 2025 was RMB24,000. On 21 June 2024, Mr. Hu Shixin and Ms. Zhu Yiwei resigned and Mr. Wang Lei and Mr. Ren Feiyu were appointed as supervisors of the Company. Prior to being the supervisors of the Company, the aggregate emoluments of Mr. Wang Lei and Mr. Ren Feiyu for the period from 1 January 2024 to 21 June 2024 were RMB124,000 and RMB100,000, respectively.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors, supervisors and other employees included in the five highest paid individuals for the years ended 31 December 2025 and 2024 are set forth below:

	2025 Number of individuals	2024 Number of individuals
Directors	4	4
Other employees	1	1
	5	5

The emoluments of the directors and supervisors are disclosed in Note 9. The aggregate of the emoluments in respect of the remaining highest paid individuals are as followings:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	348	341
Retirement scheme contributions	47	45
	395	386

The emoluments of the individuals who are not directors or supervisors and who are amongst the five highest paid individuals of the Group are within the following band:

	2025 Number of individuals	2024 Number of individuals
Nil – Hong Kong dollar 1,000,000	1	1

For the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

11 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB48,535,000 (2024: profit of RMB21,750,000) and the weighted average number of 215,794,749 ordinary shares (2024: 199,138,055 shares) in issue or deemed to be in issue during the year.

The calculation of the weighted average number of ordinary shares is as follows:

	2025 Number of shares	2024 Number of shares
Ordinary shares in issue/deemed to be in issue at 1 January	215,794,749	161,844,749
Effect of ordinary shares issued upon initial public offerings (Note 26(b))	-	37,293,306
Weighted average number of ordinary shares in issue/deemed to be in issue	215,794,749	199,138,055

(b) Diluted (loss)/earnings per share

There were no dilutive potential shares outstanding during the years ended 31 December 2025 and 2024. Hence, the diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

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(Expressed in RMB unless otherwise indicated)

12 PROPERTY, PLANT AND EQUIPMENT

	Buildings and buildings improvements RMB'000	Motor vehicles and other equipment RMB'000	Total RMB'000
Cost:			
At 1 January 2024	51,401	9,528	60,929
Additions	2,677	194	2,871
At 31 December 2024 and 1 January 2025	54,078	9,722	63,800
Additions	6,781	203	6,984
At 31 December 2025	60,859	9,925	70,784
Accumulated depreciation:			
At 1 January 2024	(11,766)	(3,779)	(15,545)
Charge for the year	(2,414)	(1,157)	(3,571)
At 31 December 2024 and 1 January 2025	(14,180)	(4,936)	(19,116)
Charge for the year	(3,082)	(857)	(3,939)
At 31 December 2025	(17,262)	(5,793)	(23,055)
Net book value:			
At 31 December 2025	43,597	4,132	47,729
At 31 December 2024	39,898	4,786	44,684

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

13 INVESTMENT PROPERTIES

	Investment properties RMB'000
Cost:	
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	9,043
Accumulated depreciation:	
At 1 January 2024	(304)
Charge for the year	(336)
At 31 December 2024 and 1 January 2025	(640)
Charge for the year	(404)
At 31 December 2025	(1,044)
Impairment loss:	
At 1 January 2024, 31 December 2024 and 1 January 2025	-
Charge for the year	(445)
At 31 December 2025	(445)
Net book value:	
At 31 December 2025	7,554
At 31 December 2024	8,403

The investment properties owned by the Group are situated in the PRC for capital appreciation. According to the property valuation report issued by an independent valuer, the fair value of the investment properties determined using market value approach at 31 December 2025 is RMB7,554,000 (2024: RMB8,511,000).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

14 RIGHT-OF-USE ASSETS

	Leasehold properties RMB'000
Cost:	
At 1 January 2024	278
Additions	3,987
Reductions due to early termination	(278)
At 31 December 2024 and 1 January 2025	3,987
Additions	2,644
Reductions due to early termination	(266)
At 31 December 2025	6,365
Accumulated depreciation:	
At 1 January 2024	(12)
Charge for the year	(811)
Reductions due to early termination	132
At 31 December 2024 and 1 January 2025	(691)
Charge for the year	(883)
Reductions due to early termination	100
At 31 December 2025	(1,474)
Net book value:	
At 31 December 2025	4,891
At 31 December 2024	3,296

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets	883	811
Interest on lease liabilities	121	121

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 20(c) and 23, respectively.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

15 LEASE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Total minimum lease payments receivables	-	12,246
Less: unearned finance income	-	(4,576)
	-	7,670
Less: loss allowance	-	(17)
	-	7,653
Less: current portion	-	(1,530)
	-	6,123

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received at the end of each reporting period.

	2025 RMB'000	2024 RMB'000
Within 1 year	-	1,531
After 1 year but within 2 years	-	765
After 2 years but within 5 years	-	2,296
After 5 years	-	7,654
	-	12,246
Less: unearned finance income	-	(4,576)
	-	7,670

In January 2025, the Group entered into early termination lease contracts with third parties to terminate the existing finance lease contracts.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

16 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Company name	Place of establishment and operation	Particulars of registered/paid-in capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by a subsidiary	
Zhongjianke (Tianjin) Co. Limited (Notes (i) and (ii)) 中建科(天津)有限公司	The PRC	RMB50,000,000/ RMB15,000,000	100%	100%	-	Property rental
Yujiacheng Trading Co. Limited (Notes (i) and (ii)) 裕嘉程商貿有限公司	The PRC	RMB50,000,000/Nil	100%	100%	-	Sales of construction materials
Tianjin Binhai New Area Construction Engineering Co. Limited (Notes (i) and (ii)) 天津濱海新區建設工程有限公司	The PRC	RMB100,000,000/Nil	100%	100%	-	Construction for municipal, property and decoration projects

Notes:

- (i) These entities were registered as domestic limited liability companies under the laws and regulations in the PRC.
- (ii) The English translation of the names is for identification only. The official names of these entities are in Chinese.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

17 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2025 RMB'000	2024 RMB'000
Contract assets		
Arising from performance under construction contracts		
– due from third parties	338,546	321,823
Less: loss allowance	(42,907)	(21,367)
	295,639	300,456
Trade receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade receivables" (Note 18)	237,842	290,965

The Group's construction contracts include payment schedules which require stage payments over the construction period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. The contract assets that could be billed and settled within one year according to terms of the contracts with customers are classified as current assets. Otherwise, the contract assets are classified as non-current assets.

The amounts of revenue (reversed)/recognised during the year ended 31 December 2025 from performance obligations satisfied (or partially satisfied) in previous periods is RMB(9,744,000) (2024: RMB2,033,000), mainly due to the changes in estimate of the stage of completion.

Notwithstanding the terms of the contracts with customers, the directors consider that all of the amounts are expected to be billed within one year as at 31 December 2025, except for the amounts of RMB139,761,000 (31 December 2024: RMB130,935,000), which are expected to be billed after more than one year.

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17 CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

(b) Contract liabilities

	2025 RMB'000	2024 RMB'000
Contract liabilities		
– due to third parties	2,915	916

When the Group receives a deposit before the production activity commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit.

Movements in contract liabilities

	2025 RMB'000	2024 RMB'000
Balance at 1 January	916	749
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(829)	(713)
Increase in contract liabilities as a result of billing in advance of construction activities and recognising revenue during the year	2,828	880
Balance at 31 December	2,915	916

All of the contract liabilities are expected to be recognised as revenue within one year, according to the contract term and working progress estimation.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

18 TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables for contract work due from:		
– third parties	276,218	313,788
Less: loss allowance	(38,376)	(22,823)
	237,842	290,965

Ageing analysis

The ageing analysis of trade receivables based on the invoice date and net of loss allowance, are as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	90,577	147,568
1 to 2 years	51,031	133,170
2 to 3 years	94,484	9,588
Over 3 years	1,750	639
	237,842	290,965

The Group generally requires customers to settle progress billings in accordance with contracted terms. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 27(a).

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(Expressed in RMB unless otherwise indicated)

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Advances to staff	1,038	411
Value-added-tax recoverable	192	505
Prepayments for purchase of inventories and services	2,862	2,632
Deposits for construction contracts' bidding and performance	17,722	19,242
Advances to third parties	2,000	–
Others	3,753	1,260
	27,567	24,050
Less: loss allowance	(6,921)	(560)
	20,646	23,490

All of the prepayments, deposits, and other receivables are expected to be recovered or recognised as expenses within one year.

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2025 RMB'000	2024 RMB'000
Cash at bank and on hand	27,919	22,053
Less: restricted bank deposits (Note (i))	(1,978)	(2,452)
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	25,941	19,601

Note:

- (i) The balance of restricted bank deposits as at 31 December 2024 represent frozen bank deposits amounted to RMB1,877,000 by court due to a litigation against the Company, and security deposits placed at bank for letter of guarantee amounted RMB575,000, which has been released in 2025.

The balance of restricted bank deposits as at 31 December 2025 represent frozen bank deposits amounted to RMB1,978,000 by court due to a litigation against the Company.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(Continued)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loans RMB'000	Interest payable RMB'000	Lease liabilities RMB'000	Amounts due to third parties RMB'000	Total RMB'000
At 1 January 2025	40,000	-	3,103	-	43,103
Changes from financing cash flows:					
Proceeds from bank loans	15,000	-	-	-	15,000
Repayment of bank loans	(37,500)	-	-	-	(37,500)
Advances from third parties	-	-	-	9,000	9,000
Repayment to third parties	-	-	-	(9,000)	(9,000)
Capital element of lease rentals paid	-	-	(826)	-	(826)
Interest element of lease rentals paid	-	-	(121)	-	(121)
Interest paid	-	(625)	-	-	(625)
Total changes from financing cash flows	(22,500)	(625)	(947)	-	(24,072)
Other changes:					
Interest expenses	-	625	121	-	746
Increase in lease liabilities from entering into new leases during the year	-	-	2,644	-	2,644
Decrease in lease liabilities due to early termination	-	-	(90)	-	(90)
Total other changes	-	625	2,675	-	3,300
At 31 December 2025	17,500	-	4,831	-	22,331

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(Continued)

(b) Reconciliation of liabilities arising from financing activities (Continued)

	Bank loans RMB'000	Interest payable RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	20,000	-	223	20,223
Changes from financing cash flows:				
Proceeds from bank loans	40,000	-	-	40,000
Repayment of bank loans	(20,000)	-	-	(20,000)
Capital element of lease rentals paid	-	-	(961)	(961)
Interest element of lease rentals paid	-	-	(121)	(121)
Interest paid	-	(1,507)	-	(1,507)
Total changes from financing cash flows	20,000	(1,507)	(1,082)	17,411
Other changes:				
Interest expenses	-	1,507	121	1,628
Increase in lease liabilities from entering into new leases during the year	-	-	3,841	3,841
Total other changes	-	1,507	3,962	5,469
At 31 December 2024	40,000	-	3,103	43,103

(c) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows represents lease rentals paid and comprise the following:

	2025 RMB'000	2024 RMB'000
Within financing cash flows	(947)	(1,082)

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

21 TRADE AND BILLS PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables		
– due to third parties	301,035	287,925
– due to related parties	5,734	10,480
Bills payables	9,923	400
	316,692	298,805

The ageing analysis of trade and bills payables based on the invoice date, are as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	193,713	157,127
1 to 3 years	82,449	116,198
Over 3 years	40,530	25,480
	316,692	298,805

All of the trade and bills payables are expected to be settled within one year or are repayable on demand.

22 ACCRUED EXPENSES AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Payables for costs incurred in connection with the proposed issuance of the Company's H shares	3,366	3,366
Payables for staff related costs	7,280	6,251
Deposits	–	3,733
Others	4,208	3,800
Financial liabilities measured at amortised cost	14,854	17,150
Other tax payables	12,643	18,062
	27,497	35,212

All of the accrued expenses and other payables are expected to be settled within one year or are repayable on demand.

Notes to the Consolidated Financial Statements

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23 LEASE LIABILITIES

At 31 December 2025, the lease liabilities were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	1,390	802
After 1 year but within 2 years	1,693	738
After 2 years but within 5 years	1,748	1,563
	3,441	2,301
	4,831	3,103

24 BANK LOANS

	2025 RMB'000	2024 RMB'000
Short-term bank loans:		
– Unguaranteed and unsecured	10,000	20,000
– Guaranteed	7,500	20,000
	17,500	40,000

All of the Group's banking facilities were utilised as of 31 December 2025 and 2024. Certain of the Group's bank loans is subject to the fulfilment of covenants commonly found in lending arrangement with financial institution. If the Group were to breach the covenants, the loan would become repayable on demand. The Group regularly monitors its compliance with the covenants. At 31 December 2025 and 2024, none of the covenants relating to the bank loans had been breached.

25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2025 RMB'000	2024 RMB'000
Income tax payable at 1 January	3,443	6,682
Provision for the year (Note 8(a))	6	4,462
Income tax paid	(3,449)	(7,701)
Income tax payable at 31 December	–	3,443

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

(b) Deferred tax assets recognised

Movement of each component of deferred tax assets

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Credit loss allowance on trade, lease and other receivables and contract assets
	RMB'000
At 1 January 2024	4,334
Credited to profit or loss (Note 8(a))	2,294
At 31 December 2024 and 1 January 2025	6,628
Credited to profit or loss (Note 8(a))	(3,258)
At 31 December 2025	3,370

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(p), the Group has not recognised deferred tax assets in respect of cumulative unused tax losses and deductible temporary differences arising from certain subsidiaries of the Group of RMB77,037,000 as at 31 December 2025 (31 December 2024: RMB4,726,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

The unused tax losses at 31 December 2025 not recognised will expire on or before 31 December 2035.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

26 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity during the year are set out below:

	Share capital RMB'000 (Note 26(b))	Capital reserve RMB'000 (Note 26(d))	Statutory reserve RMB'000 (Note 26(e))	Special reserve RMB'000 (Note 26(f))	Retained profits/ (accumulated losses) RMB'000	Total equity RMB'000
At 1 January 2024	161,845	26,009	3,603	5,885	28,070	225,412
Changes in equity for 2024:						
Profit and total comprehensive income for the year	-	-	-	-	21,249	21,249
Issuance of shares by initial public offerings (Note 26(b))	53,950	27,989	-	-	-	81,939
Appropriation to reserves	-	-	2,613	2,563	(5,176)	-
At 31 December 2024 and 1 January 2025	215,795	53,998	6,216	8,448	44,143	328,600
Changes in equity for 2025:						
Loss and total comprehensive income for the year	-	-	-	-	(45,521)	(45,521)
Appropriation to reserves	-	-	-	4,103	(4,103)	-
At 31 December 2025	215,795	53,998	6,216	12,551	(5,481)	283,079

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Share capital

	2025		2024	
	No. of shares '000	Amount RMB'000	No. of shares '000	Amount RMB'000
Ordinary shares, issued and fully paid:				
At 1 January	215,795	215,795	161,845	161,845
Issue of ordinary shares by initial public offerings (Note)	-	-	53,950	53,950
At 31 December	215,795	215,795	215,795	215,795

Note:

On 23 April 2024, the Company issued 53,950,000 H shares with par value of RMB1.00 at a price of Hong Kong dollar ("HK\$") 2.50 per share. The proceeds of RMB53,950,000 representing the par value, were credited to the Company's share capital, and the remaining proceeds of RMB27,989,000 (after net of issuance expenses of approximately RMB40,375,000) were credited to the capital reserve account.

On 28 November 2025, The Company announced that the adoption of a no-par value share system will take effect on 1 December 2025. According to the amended Articles of Association, all the shares issued by the Company are no-par value shares. When the Company issues new shares, more than half of the proceeds from the share issuance shall be included in the registered capital and the rest shall be included in the capital reserve.

(c) Dividends

- (i) Dividends payable to equity shareholders of the Company attributable to the year

The directors of the Company do not recommend the payment of a dividend for the year ended 31 December 2025 (2024: HK\$Nil).

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

No final dividend in respect of the previous financial year has been approved during the year ended 31 December 2025 (2024: HK\$Nil).

(d) Capital reserve

The capital reserve comprises: (i) the differences between the net proceeds of issuance of ordinary shares and the share capital of the Company and (ii) the net proceeds received in excess of the total amount of the par value of shares issued in relation to the conversion into a joint stock company as disclosed in Note 1.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(e) Statutory reserve

In accordance with the relevant PRC laws and regulations, the Company and the Company's subsidiaries established in the PRC are required to transfer 10% of their net profits each year to the statutory reserve until the reserve reaches 50% of the registered capital. The statutory reserve can be utilised in setting off accumulated losses or increase capital and is non-distributable other than in liquidation.

(f) Special reserve

Pursuant to the relevant PRC regulations, required to transfer production and maintenance funds at fixed rates based on relevant bases to a specific reserve account. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance funds utilised would be transferred from the specific reserve account to retained earnings.

(g) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is not exposed to significant currency risk.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables, lease receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to have low credit risk. Deposits for construction contracts' bidding and performance, advances to staff, other receivables and deposits (the "Receivables") have been included in prepayments, deposits and other receivables. The Group has applied the general approach in IFRS 9 to measure the loss allowance for the receivables at 12-month ECLs as there is no significant increase in credit risk since initial recognition. The Group determines the expected credit losses for these assets by assessment of probability of default, loss given default and exposure at default. The Group does not provide any guarantees which would expose the Group to credit risk.

In order to manage the credit risk, the Group regularly monitor the collections of trade receivables and the certification process of projects to take follow-up actions on the balances of trade receivables and contract assets. The Group generally recognise trade receivables upon certifications granted by the customers or completion of settlement audit of projects under the payment terms of the contracts. Payment terms may vary for different customers and projects.

Trade receivables, lease receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate. At 31 December 2025, 26.3% (31 December 2024: 35.5%) and 66.6% (31 December 2024: 65.9%) of the total trade receivables and contract assets were due from the Group's largest trade debtor and the five largest trade debtors, respectively. In order to manage the credit risk, the Group continuously monitor the level of exposure by ongoing review of credit records of customers to take follow-up actions on the balances of trade receivables and contract assets.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group generally requires customers to settle progress billings in accordance with contracted terms and other debts in accordance with agreements. Trade receivables and contract assets for contract work are considered past due once billings have been made and revenue has been recognised, respectively. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables, lease receivables and contract assets at an amount equal to lifetime ECLs. The calculation of loss allowance for trade receivables, lease receivables and contract assets were carried out by an independent specialist (the "Valuer"), with experience in expected credit loss calculation. The loss allowance is estimated by taking into account the probability of default ("PD"), loss given default ("LGD"), exposure at default ("EAD") and forward looking information. The average PD and LGD adopted is the published data of construction industry by MOODY'S.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables, lease receivables and contract assets (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables, lease receivables and contract assets:

	2025	
	Gross carrying amount RMB'000	Loss allowance RMB'000
Trade receivables		
Within 1 year past due	95,672	5,095
1 to 2 years past due	58,443	7,412
2 to 3 years past due	108,830	14,346
Over 3 years past due	13,273	11,523
	276,218	38,376

	2025	
	Gross carrying amount RMB'000	Loss allowance RMB'000
Contract assets	338,546	42,907

	2024	
	Gross carrying amount RMB'000	Loss allowance RMB'000
Trade receivables and lease receivables		
Current (not past due)	6,835	-
Within 1 year past due	153,281	4,895
1 to 2 years past due	139,661	6,491
2 to 3 years past due	10,247	659
Over 3 years past due	11,434	10,795
	321,458	22,840

	2024	
	Gross carrying amount RMB'000	Loss allowance RMB'000
Contract assets	321,823	21,367

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables, lease receivables and contract assets (Continued)

Movements in the loss allowance account in respect of trade receivables, lease receivables and contract assets during the year are as follows:

	2025 RMB'000	2024 RMB'000
Balance at 1 January	44,207	29,864
Impairment losses recognised during the year	37,076	14,343
Balance at 31 December	81,283	44,207

Note:

- (i) The impairment losses recognised are contributed to the origination of new trade receivables and contract assets net of those settled and the increase in days past due.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

As at 31 December 2025 and 2024, the contractual maturities of the Group's financial liabilities other than lease liabilities are on demand or within one year.

Note 2(b) explains management's plans for managing the liquidity needs of the Group. Taking all factors set out in Note 2(b) into account, the directors of the Company are of the opinion that the Group would have adequate funds to meet its liabilities as and when they fall due at least twelve months from the end of the reporting period. Nevertheless, the Group will continue to undertake various measures in order to further improve its liquidity position in the short and long term.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's bank loans and lease liabilities at fixed rates and cash at bank at variable rates expose the Group to fair value interest rate risk and cash flow interest rate risk, respectively. Overall, the Group's exposure to interest rate risk is not significant.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk

The Group is exposed to currency risk primarily from cash balances that are denominated in a foreign currency as at 31 December 2025. The currencies giving rise to this risk are primarily Hong Kong dollars ("HK\$").

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB:

	Exposure to foreign currencies (expressed in RMB)	
	2025 HK\$ RMB'000	2024 HK\$ RMB'000
Cash and cash equivalents	286	2,678

At 31 December 2025, an increase/decrease of 5% in HK\$ with all other variables held constant would have increased/decreased the Group's profit after tax and retained profits by approximately RMB14,000 (2024: RMB114,000).

Results of the analysis represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax measured in RMB.

(e) Fair value measurement

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost were not materially different from their fair values as at 31 December 2025 and 2024.

28 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 9 and certain of the highest paid employees as disclosed in Note 10, is as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	2,519	2,597
Discretionary bonuses	67	-
Retirement scheme contributions	338	358
	2,924	2,955

Total remuneration is included in "staff costs" (See Note 7(b)).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

28 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Names and relationships of the related parties that had material transactions with the Group during the Track Record Period:

Names of related parties	Relationship
Mr. Wang Wenbin 王文彬	Ultimate controlling party
Ms. Dou Enyan 竇恩艷	The spouse of Mr. Wang Wenbin
Jiangshengyuan Construction Co., Ltd.* (“Jiangshengyuan”) 江盛源建設有限公司	An entity controlled by Mr. Wang Wenbin’s cousins
Tianjinjiangshengyuan Machinery Equipment Installation Co., Ltd.* (“Jiangshengyuan Machinery”) 天津江盛源機械設備安裝有限公司	An entity controlled by Jiangshengyuan

* The official name of this entity is in Chinese. The English translation of the name is for identification purpose only.

(c) Transactions with related parties

	2025 RMB'000	2024 RMB'000
Purchase of service from Jiangshengyuan Machinery	-	11,645

(d) Balances with related parties

The Group’s balances with related parties as at the end of each reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Trade in nature:		
Trade and bills payables	5,734	10,480
Non-trade in nature:		
Guarantees provided by Mr. Wang Wenbin and Ms. Dou Enyan for the bank loans at the end of each reporting period	7,500	20,000

29 CONTINGENT LIABILITIES

In January 2025, the Company is named defendant on a dispute with a supplier in respect of outstanding payment for printing service fees. As at the date of these financial statements, the above dispute is at the court mediation stage. The total expected monetary compensation may amount to approximately HK\$3,635,000 (equivalent to approximately RMB3,366,000) plus interest, damages, costs, and further and/or other relief deemed appropriate by the court, of which RMB3,366,000 has already been provided for by the Company as at 31 December 2025. Based on assessment from the directors of the Company, no additional provision has been provided in respect of this claim.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

30 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2025 RMB'000	2024 RMB'000
Non-current assets		
Property, plant and equipment	30,702	29,122
Investment properties	7,554	8,403
Right-of-use assets	16,817	25,082
Lease receivables	-	6,123
Investments in subsidiaries	15,000	15,000
Deferred tax assets	3,370	6,628
Other non-current assets	2,959	953
	76,402	91,311
Current assets		
Inventories	-	232
Contract assets	292,442	296,069
Trade receivables	220,243	264,533
Lease receivables	-	1,530
Prepayments, deposits and other receivables	34,558	48,465
Restricted bank deposits	1,978	2,452
Cash and cash equivalents	20,400	19,586
	569,621	632,867
Current liabilities		
Trade and bills payables	304,262	286,974
Contract liabilities	1,100	403
Accrued expenses and other payables	27,141	34,528
Lease liabilities	2,732	3,563
Bank loans	12,500	40,000
Income tax payable	-	3,443
	347,735	368,911
Net current assets	221,886	263,956
Total assets less current liabilities	298,288	355,267
Non-current liabilities		
Lease liabilities	15,209	26,667
Net assets	283,079	328,600
CAPITAL AND RESERVES		
Share capital	215,795	215,795
Reserves	67,284	112,805
TOTAL EQUITY	283,079	328,600

Approved and authorised for issue by the board of directors on 30 March 2026.

Wang Wenbin
Director

Zhao Kuanghua
Director

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

31 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

At 31 December 2025, the directors consider the immediate holding Company of the Group to be Shengyuan Group Holdings (Tianjin) Co., Ltd., which is established in the PRC. This entity does not produce financial statements available for public use. At 31 December 2025 the directors consider the ultimate controlling party of the Group to be Mr. Wang Wenbin.

32 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 9 March 2026, a total of 43,158,000 new shares have been successfully placed at the placing price of HK\$0.68 per Share to not less than six places. The net proceeds (after deducting the commissions and estimated expenses) from the placing are approximately HK\$29.2 million (equivalent to approximately RMB25.8 million) in aggregate.

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7, <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027
Amendments to IAS 21, <i>Translation to a hyperinflationary presentation currency</i>	1 January 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the followings:

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025 (Continued)

IFRS 18, *Presentation and disclosure in financial statements*

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss and other comprehensive income, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and is still in the process of assessing the impact of the adoption.

Definitions

In this annual report, the following expressions have the meanings set out below unless the context otherwise requires:

“AGM”	the forthcoming annual general meeting of the Company to be held on 30 April 2026
“Articles” or “Articles of Association”	the articles of association of the Company as amended from time to time
“Audit Committee”	the audit committee of the Board
“Auditor”	KPMG, the external auditor of the Company
“Board” or “Board of Directors”	board of directors of the Company
“Board of Supervisors”	board of supervisors of the Company
“CAGR”	compound annual growth rate
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“China” or “the PRC”	the People’s Republic of China, unless otherwise stated, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan of China herein
“Company”, “our Company” or “the Company”	Tianjin Construction Development Group Co., Ltd. (天津建设发展集团股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 2515)
“Company Law”	the Company Law of the PRC (2023 Revision), effective on 1 July 2024
“Compliance Adviser”	the Company’s compliance adviser
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules and in the context of this annual report, refers to the controlling shareholders of our Company, namely Mr. Wang Wenbin, Ms. Dou Enyan, Mr. Zhao Kuanghua, Ms. Zhao Xiaorong, Shengyuan Group, Shengyuan Holding, Shanshengyuan Enterprise Management, Tianjin Huizhi, Tianjin Jushi, Tianjin Gongmeihao and Tianjin Zhiweilai
“CT Protocol”	the connected transaction management and disclosure protocol
“Director(s)”	director(s) of the Company
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a market research and consulting company and an Independent Third Party
“FY2024”	the financial year ended 31 December 2024
“FY2025” or “Reporting Year”	the financial year ended 31 December 2025

Definitions



“Global Offering”	an offering of 53,950,000 H Shares, comprising a final Hong Kong public offering of 26,976,000 H Shares and a final international public offering of 26,974,000 H Shares
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$” or “HK cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong Legal Adviser”	the Company’s Hong Kong legal adviser
“Hong Kong Stock Exchange”	the Stock Exchange of Hong Kong Limited
“IFRS Accounting Standards”	International Financial Reporting Standards
“Independent Third Party”	a person or entity who is not considered as a connected person of our Company under the Listing Rules
“Jiexiao System”	捷效系統, a comprehensive construction project management software self-developed by the Company and equipped with multiple functions, including cost monitoring, progress measuring and resources tracking
“Listing”	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Date”	23 April 2024, the date on which the H Shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong
“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Placing”	the placing of up to 43,158,000 Placing Shares by the Placing Agent, on a best effort basis, subject to the terms and conditions set out in the Placing Agreement

Definitions

“Placing Agent”	UZEN SECURITIES LIMITED, a company incorporated in Hong Kong with limited liability with Company CI No.65078769 and having its registered office at 8/F, EC Healthcare Tower (Central), 19–20 Connaught Road Central, Central, Hong Kong
“Placing Agreement”	the placing agreement dated 11 February 2026 and entered into between the Company and the Placing Agent in relation to the Placing on a best effort basis
“Placing Shares”	a maximum of 43,158,000 new Shares to be placed pursuant to the Placing Agreement
“Prospectus”	the prospectus of the Company dated 15 April 2024
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the Shares of the Company which have no par value
“Shareholder(s)”	holder(s) of the Shares
“Supervisor(s)”	member(s) of the board of Supervisors of the Company
“%”	per cent