



DONGGUANG CHEMICAL LIMITED

東光化工有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1702



2025

ANNUAL REPORT

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CORPORATE PROFILE

Dongguang Chemical Limited (the “Company”) and its subsidiaries (the “Group”) are one of the major coal-based urea producers with annualised designed production capacity of approximately 1.1 million tonnes of urea in the People’s Republic of China (the “PRC”) and with headquarters in Hebei Province.

The Group has an operating history of over 40 years in Hebei Province. Its predecessor, Hebei Dongguang Huafei Factory* (河北省東光縣化肥廠) (“Dongguang Huafei”), was originally established in 1970 as a local state-owned enterprise and was later privatised and reorganised in July 1998. The Group has been operating in the urea industry since 2001 and is an experienced player in the region with long-term and established relationships with customers in the industry.

The Group has developed the production know-how and management which by its long operating history enhances the production efficiency by maximising the quantity and quality of the products while minimising costs. The Group’s management team has extensive experience and an in-depth understanding of the history and future trends of the urea industry in the PRC.

Urea is the Group’s major product and application of urea can be broadly categorised into agricultural and industrial uses. It is widely used as a source of nitrogen in fertilisers and it has wide industrial application, such as production of adhesives, coatings, plastics, and cosmetics. The Group also produces and sells by-products of urea, including vehicle urea solution, methanol, liquid carbon dioxide, liquefied natural gas, liquid ammonia and compound fertiliser.

The Group has two active production plants with advanced production technologies located at Dongguang County of Cangzhou City, Hebei Province. The production processes are also designed to ensure compliance with PRC environmental laws and regulations and to enhance production efficiency by maximising the quantity and quality of the products and minimising costs.

The Group’s production facilities are strategically located in close proximity to Beijing and Tianjin, as well as the Bohai Economic Rim (環渤海經濟圈) and it has access to major national highways, railways, and major ports of North China including Tianjin international port and Huanghua domestic port. The proximity of these transportations has enabled the Group to obtain the supply of coal timely, and to deliver products to the customers based in Beijing, Tianjin, Hebei Province and the nearby regions, including Heilongjiang Province, Inner Mongolia Autonomous Region, Jilin Province and Liaoning Province in a timely and cost-efficient manner.

For more information, please visit www.dg-chemical.com.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Chunmeng *(Chairman)*
Mr. Wang Zhihe
Mr. Sun Zushan
Mr. Xu Xijiang

Non-executive Director

Ms. Chen Jimin *(Retired on 22 May 2025)*

Independent non-executive Directors

Ms. Lin Xiuxiang
Mr. Liu Jincheng
Mr. Ng Sai Leung

BOARD COMMITTEES

Audit Committee

Mr. Ng Sai Leung *(Chairman)*
Ms. Lin Xiuxiang
Mr. Liu Jincheng

Remuneration Committee

Ms. Lin Xiuxiang *(Chairlady)*
Mr. Liu Jincheng
Mr. Sun Zushan

Nomination Committee

Mr. Wang Chunmeng *(Chairman)*
Ms. Lin Xiuxiang
Mr. Liu Jincheng

Corporate Governance Committee

Mr. Ng Sai Leung *(Chairman)*
Mr. Xu Xijiang
Ms. Lin Xiuxiang

COMPANY SECRETARY

Mr. Cheng Shing Hay, HKICPA
(non-practising), CAANZ

AUTHORISED REPRESENTATIVES

(for the purpose of the Listing Rules)

Mr. Wang Zhihe
Mr. Cheng Shing Hay

COMPANY'S LEGAL ADVISER AS TO HONG KONG LAW

Chiu & Partners

AUDITOR

BDO Limited
Certified Public Accountants

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS IN THE PRC

Chengdong Industrial Zone
Dongguang County
Hebei Province
The PRC

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

17/F, Tower I
Grand Century Place
193 Prince Edward Road West
Mongkok, Kowloon
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Principal Share Registrar and Transfer Office in the Cayman Islands

Conyers Trust Company
(Cayman) Limited
Cricket Square
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

PRINCIPAL BANKERS

China Construction Bank
Dongguang Branch
Industrial and Commercial Bank of China Limited
Dongguang Branch
Agricultural Bank of China
Dongguang County Branch
Bank of Cangzhou Dongguang Branch

STOCK CODE

1702

COMPANY WEBSITE

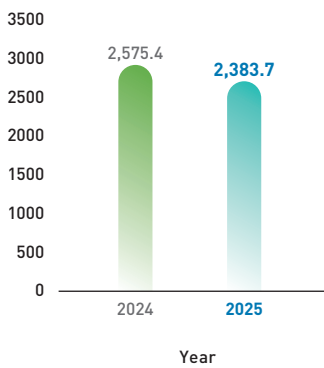
www.dg-chemical.com

FINANCIAL HIGHLIGHTS

	FY2025	FY2024
Revenue (RMB' million)	2,383.7	2,575.4
Gross Profit (RMB' million)	199.8	172.0
Profit for the Year (RMB' million)	141.1	86.4
Earnings per Share – Basic (RMB cents)	22.6	13.6
Net Asset Value per Share – Basic (RMB)	3.1	2.9

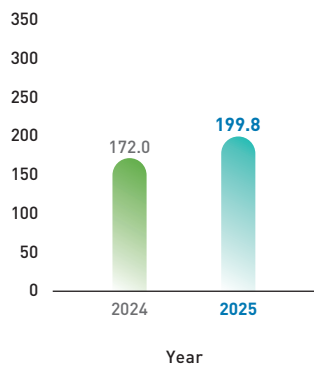
REVENUE DECREASE: 7.4%

RMB' million



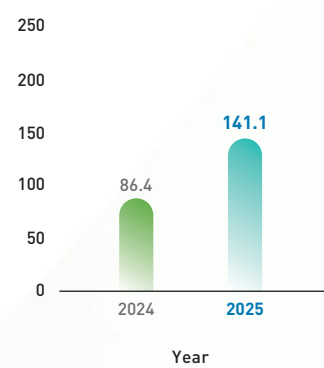
GROSS PROFIT INCREASE: 16.1%

RMB' million



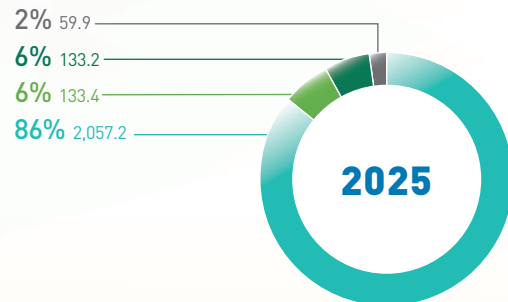
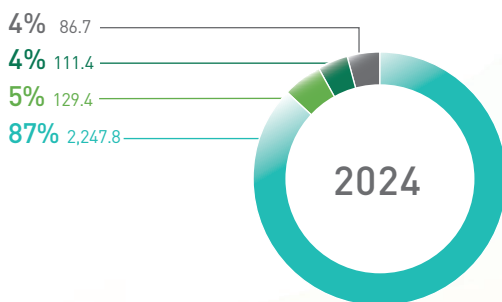
PROFIT FOR THE YEAR INCREASE: 63.3%

RMB' million



REVENUE BY PRODUCTS

RMB' million



● Urea ● Methanol ● Vehicle urea solution ● Other products

CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of the Company, I am pleased to present the audited annual results of the Group for the year ended 31 December 2025 (the "Reporting Period").

BUSINESS REVIEW

The past year was marked by a complex and evolving global environment. Volatility in urea prices, continued adjustments in downstream demand, and heightened regulatory and sustainability expectations presented both challenges and opportunities for the chemical industry. Against this backdrop, the Group was once again demonstrated resilience and discipline, remaining focused on operational stability, prudent cost management, and long-term value creation. During the Reporting Period, the Group continued to strengthen its core manufacturing capabilities while improving efficiency across production, procurement, and logistics. Ongoing investments in process optimization and equipment upgrades contributed to more stable output and enhanced product quality.

A major highlight of 2025 was the continued advancement of our 540,000 tonnes per annum Urea Energy Saving and Carbon-reduction Upgrading Project, a cornerstone initiative supporting the Group's long-term competitiveness and sustainability strategy. During the Reporting Period, the project achieved a significant construction milestone with the successful topping-out of both the granulation tower and the main structural framework, which together constitute the two core structures of the project. With the completion of the main structural works, the project has now entered a more intensive phase of equipment installation.

CHAIRMAN'S STATEMENT

This project represents not merely an expansion of capacity, but a comprehensive technological upgrade and replacement of existing production systems. The new technology is characterized by lower energy consumption and higher carbon conversion efficiency, directly aligning with the fertilizer industry's pathway toward achieving China's "dual-carbon" objectives and advancing green development.

Upon completion, the Group's urea production facilities are expected to reach domestically leading standards, enabling the Group to effectively reduce production costs while significantly lowering energy consumption and emissions throughout the production process. This will materially enhance the Group's core competitiveness. As a key industrial project in Hebei Province, an important agricultural region, the smooth implementation of this project is also expected to play a positive role in safeguarding regional fertilizer supply security and promoting the transformation and upgrading of traditional industries.

In terms of optimizing the product structure, the Group successfully achieved stable production and market launch of its new medium granular urea products. This milestone not only filled a long-standing gap in Hebei Province's production of medium granular urea, but also, with a daily output capacity exceeding 2,000 tonnes, provided downstream enterprises within the province with a stable, reliable, and localized source of supply. The successful commercialization of this product marks a significant breakthrough for the Group in both product structure optimization and differentiated market positioning.

Medium granular urea, positioned between large and standard granules, offers advantages such as high fertilizer efficiency and ease of application, and represents an important direction of market demand. In response to evolving industry dynamics, the Group accurately identified the market potential and pricing advantages of medium granular urea and decisively implemented a conversion and upgrading of its existing 600,000-tonne standard granular urea production line. As a result, the Group has now established a comprehensive urea product portfolio encompassing large, medium, and small granules, enabling full coverage of diversified agricultural and industrial application scenarios and further strengthening its competitive position in the market.

Logistics innovation was another highlight of the year. The Group successfully dispatched its first bulk urea containerized railway special train, marking a key breakthrough in logistics capability and transportation efficiency. Containerized railway transport reduces moisture risk and product loss, shortens loading and transit times, and lowers logistics and packaging costs compared with conventional road transport. The point-to-point direct delivery model adopted aligns with national policies promoting modal shift from road to rail and bulk-to-container conversion, while advancing green, low-carbon transportation of bulk commodities. The successful operation of this special train validated the stability of the Group's loading systems, enriched dispatch methods, and strengthened overall transportation capacity, laying a solid foundation for cost reduction, market expansion, and stable supply assurance.

In recognition of its consistent excellence, the Group's wholly-owned subsidiary, Hebei Dongguang Chemical Co., Ltd., ("Hebei Dongguang") was once again recognized as one of the "Top 20 Urea Producers in China's Nitrogen Fertilizer Industry" in 2025. This honor, awarded multiple times to Hebei Dongguang over the past decade, underscores the Group's leading role in national fertilizer supply and its position as Hebei Province's top urea producer. The recognition reflects more than fifty years of steadfast commitment to excellence and will continue to inspire the Group to focus on safe operations, green development, and the continuous enhancement of core competitiveness. The Group remains dedicated to supporting national food security and contributing to rural revitalization, reinforcing its position as a reliable and responsible industry leader.

CHAIRMAN'S STATEMENT

Moreover, as a key enterprise in the production of fertilizers in China and the largest urea producer in Hebei Province, the Group has always placed "stabilizing production, supply, price and promoting food security" at the core of its strategy since it was listed as a key enterprise in the country in 2021, and has exceeded the task of ensuring the supply of national fertilizers for five consecutive years. Ensuring supply is not only a production task, but also a political responsibility related to national food security. While ensuring supply, the Group promotes the green transformation of the industry through technological upgrading and product innovation to better serve modern agriculture. In the future, the Group will continue to fulfill its mission of "stabilizing production and supply", leading development with "green technological transformation", and contributing to ensuring national food security and promoting the low-carbon transformation of the industry.

Looking ahead, sustainability remains a central pillar of the Group's development strategy. The Group will continue to strengthen environmental protection measures, improve energy efficiency, and reinforce a culture of safety and accountability across all operations. We believe that responsible operations are fundamental to long-term value creation. While uncertainties in the macroeconomic and industry landscape are expected to persist, we remain cautiously optimistic about the prospects. With a solid operational foundation, continued progress in strategic projects, and a clear commitment to sustainable development, we believe the Group is well positioned to navigate challenges and pursue steady, high-quality growth.

Finally, I would like to take this opportunity to express my sincere gratitude to all shareholders of the Company, the management, and staff of the Group, all customers of the Group, as well as friends who care about and support the development of the Group. Over the past year, the Group has continued to improve its business and management in the face of complex market conditions through the tireless efforts of all its employees. In the future, the Group will adhere to the development philosophy of "developing enterprises, creating value, enriching employees and contributing to society", vigorously expand the scale of business, continue to build a solid foundation for the development of its main business, improve profitability, strive to bring greater value to the society, create more generous returns for shareholders, and help the Group achieve higher goals.

Chairman of the Board of Directors

Wang Chunmeng

23 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the urea and chemical industry in the People's Republic of China ("China") faced a complex set of market challenges. For much of the year, the industry continued to grapple with price pressures caused by persistent oversupply, subdued domestic and international demand, and fluctuating raw material costs, leading to generally weak urea prices in the first three quarters. However, urea prices exhibited upward movement in the fourth quarter as a result of tightening inventories, stronger procurement activity ahead of the spring agricultural season, and shifts in trade flows including strong international demand and export policy adjustments. These combined factors contributed to a rebound in urea prices within China's market towards the end of the year. Supported by comparatively low coal prices and the Group's effective control in cost of sales, the Group's gross profit margin improved during the second half of the Reporting Period. Consequently, the Group's overall financial performance during the Reporting Period demonstrated significant recovery compared to the year ended 31 December 2024.

During the Reporting Period, the Group recorded an increase in profit by approximately RMB54.7 million or 63.3%, from approximately RMB86.4 million for the year ended 31 December 2024 to approximately RMB141.1 million for the Reporting Period, mainly due to the increase in overall gross profit and gross profit margin, and the investment gain from trading of urea futures contracts. The increase in overall gross profit and gross profit margin was primarily due to the decrease in raw materials costs during the Reporting Period. Although the Group's revenue decreased by approximately RMB191.7 million or 7.4% from approximately RMB2,575.4 million for the year ended 31 December 2024 to approximately RMB2,383.7 million for the Reporting Period, mainly due to the decrease in the average selling price of urea, the Group maintained a stable operating position by optimizing the production capacity and cost control. During the Reporting Period, the sales volume of urea increased by approximately 7.2% as compared to the year ended 31 December 2024. During the Reporting Period, the revenue from vehicle urea solution increased by approximately RMB21.9 million, or 19.7%, from approximately RMB111.4 million for the year ended 31 December 2024 to approximately RMB133.4 million for the Reporting Period, mainly due to the increase in the average selling price of vehicle urea solution.

OPERATING AND FINANCIAL REVIEW

Revenue by Products

	Year ended 31 December 2025 RMB'000	Year ended 31 December 2024 RMB'000	% Change + / (-)
Urea	2,057,208	2,247,802	(8.5)%
Vehicle urea solution	133,374	111,433	19.7%
Methanol	133,209	129,434	2.9%
Other products	59,928	86,728	(30.9)%
Total	2,383,719	2,575,397	(7.4)%

MANAGEMENT DISCUSSION AND ANALYSIS

Urea

During the Reporting Period, the sales volume of urea increased by approximately 7.2% as compared to the year ended 31 December 2024. However revenue from urea decreased by approximately RMB190.6 million, or 8.5%, from approximately RMB2,247.8 million for the year ended 31 December 2024 to approximately RMB2,057.2 million during the Reporting Period, as the average selling price of the Group's urea decreased by approximately RMB270 per tonne, or 14.7%, from approximately RMB1,842 per tonne for the year ended 31 December 2024 to approximately RMB1,572 per tonne for the Reporting Period, mainly due to the combined effects of domestic urea market supply and demand mismatch, and the changes in urea export policy restrictions during the Reporting Period.

Vehicle urea solution

Revenue from vehicle urea solution increased by approximately RMB21.9 million, or 19.7%, from approximately RMB111.4 million for the year ended 31 December 2024 to approximately RMB133.4 million during the Reporting Period, mainly due to the increase of the average selling price during the Reporting Period. The average selling price of the Group's vehicle urea solution products increased by approximately RMB363 per tonne, or 41.1%, from approximately RMB884 per tonne for the year ended 31 December 2024 to approximately RMB1,247 per tonne for the Reporting Period. The sales volume of vehicle urea solution decreased by approximately 15.2% for the Reporting Period as compared to the year ended 31 December 2024.

Methanol

Revenue from methanol increased by approximately RMB3.8 million, or 2.9%, from approximately RMB129.4 million for the year ended 31 December 2024 to approximately RMB133.2 million during the Reporting Period, mainly due to the increase in sales volume. The average selling price of the Group's methanol decreased by approximately RMB48 per tonne, or 3.0%, from approximately RMB1,726 per tonne for the year ended 31 December 2024 to approximately RMB1,678 per tonne for the Reporting Period, mainly due to the fluctuation of international energy prices during the Reporting Period.

Other products

Other products include carbon dioxide, liquid ammonia, compound fertiliser and LNG. Revenue from other products decreased by approximately RMB26.8 million, or 30.9%, from approximately RMB86.7 million for the year ended 31 December 2024 to approximately RMB59.9 million for the Reporting Period mainly due to the decrease in revenue of the Group's compound fertiliser and liquid ammonia during the Reporting Period. The decrease in revenue of compound fertiliser was mainly due to the decrease in market demand for the Reporting Period, and the decrease in revenue of liquid ammonia was due to the Group optimizing the product structure by shifting its production to urea by-products with stronger profitability.

Cost of sales

The Group's cost of sales decreased by approximately RMB219.5 million, or 9.1%, from approximately RMB2,403.4 million for the year ended 31 December 2024 to approximately RMB2,183.9 million for the Reporting Period, primarily due to the decrease in raw materials costs and manufacturing overhead costs. The decrease in raw material costs was mainly due to the decline in coal prices, and the decrease in manufacturing overhead costs was due to the decrease in equipment repair costs for production line during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

	Year ended 31 December 2025		Year ended 31 December 2024		Change	
	Gross Profit RMB'000	Margin %	Gross Profit RMB'000	Margin %	RMB'000	%
Urea	176,080	8.6	175,760	7.8	320	1
Vehicle urea solution	8,704	6.5	4,899	4.4	3,805	77.7
Methanol	(10,103)	(7.6)	(27,906)	(21.6)	17,803	(63.8)
Other products	25,147	4.2	19,294	22.2	5,853	30.3
Total	199,828	8.4	172,047	6.7	27,781	16.1

The Group's gross profit increased by approximately RMB27.8 million, or 16.1%, from approximately RMB172.0 million for the year ended 31 December 2024 to approximately RMB199.8 million for the Reporting Period, primarily due to the decrease in the Group's cost of sales mainly resulting from the decrease in the raw materials costs. As a result of the higher percentage decrease in cost of sales than the percentage decrease of revenue during the Reporting Period, the Group's gross profit margin increased from approximately 6.7% for the year ended 31 December 2024 to approximately 8.4% for the Reporting Period.

Other income

Other income decreased by approximately RMB5.4 million, or 15%, from approximately RMB36.3 million for the year ended 31 December 2024 to approximately RMB30.9 million for the Reporting Period, primarily due to the decrease of bank interest income and write-off of trade payables.

Other gains, net

During the Reporting Period, other gains of approximately RMB20.5 million were recorded, primarily attributable to foreign exchange gains, as well as net gain on sales of scrap materials. In contrast, other losses of approximately RMB0.8 million were recorded for the year ended 31 December 2024.

Administrative expenses

Administrative expenses decreased by approximately RMB16.8 million, or 21.7%, from approximately RMB77.6 million for the year ended 31 December 2024 to approximately RMB60.8 million for the Reporting Period, primarily due to the decrease in the impairment loss on other receivables during the Reporting Period.

Distribution expenses

Distribution expenses increased by approximately RMB3.0 million, or 60.6%, from approximately RMB5.0 million for the year ended 31 December 2024 to approximately RMB8.0 million for the Reporting Period, primarily due to the increase in port charges incurred for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

There was no material fluctuation for finance costs between the Reporting Period and the year ended 31 December 2024.

Taxation

Income tax expenses increased by approximately RMB2.8 million, or 7.7%, from approximately RMB36.6 million for the year ended 31 December 2024 to approximately RMB39.4 million for the Reporting Period primarily due to the increase in profit before income tax.

Profit for the year

Profit for the year increased by approximately RMB54.7 million or 63.3% from approximately RMB86.4 million for the year ended 31 December 2024 to approximately RMB141.1 million for the Reporting Period. This was mainly due to the increase in gross profit of approximately RMB27.8 million, the Group recording other gains of approximately RMB20.5 million as opposed to other losses, and decrease in administrative expenses of approximately RMB16.8 million during the Reporting Period as mentioned above. The increase in profit for the Reporting Period was partially offset by the decrease in other income of approximately RMB5.4 million, the increase in distribution expenses of approximately RMB3.0 million and the increase in income tax expenses of approximately RMB2.8 million during the Reporting Period.

CAPITAL STRUCTURE

As at 31 December 2025, the Group had net assets of approximately RMB1,933.9 million (as at 31 December 2024: approximately RMB1,811.0 million), comprising non-current assets of approximately RMB1,228.4 million (as at 31 December 2024: approximately RMB1,035.7 million), and current assets of approximately RMB989.1 million (as at 31 December 2024: approximately RMB987.3 million), which primarily consist of cash and bank balances amounted to approximately RMB577.7 million (as at 31 December 2024: approximately RMB702.1 million) and restricted cash amounted to approximately RMB101.1 million (as at 31 December 2024: nil). Moreover, trade and bills receivables amounted to approximately RMB20.8 million (as at 31 December 2024: approximately RMB5.6 million), inventories amounted to approximately RMB97.7 million (as at 31 December 2024: approximately RMB85.9 million) and prepayments, deposits and other receivables amounted to approximately RMB186.7 million (as at 31 December 2024: approximately RMB179.9 million) are also major current assets. The Group recorded a net current assets position of approximately RMB756.0 million as at 31 December 2025 (as at 31 December 2024: net current assets of approximately RMB812.6 million). Major current liabilities include trade and notes payables amounted to approximately RMB97.3 million (as at 31 December 2024: approximately RMB32.7 million), other payables and accruals amounted to approximately RMB65.3 million (as at 31 December 2024: approximately RMB82.8 million) and contract liabilities amounted to approximately RMB63.9 million (as at 31 December 2024: approximately RMB55.9 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group had cash and bank balances of approximately RMB577.7 million (as at 31 December 2024: approximately RMB702.1 million) and had no interest-bearing bank borrowings (as at 31 December 2024: nil).

As at 31 December 2025, as the Group had no interest-bearing bank borrowings, the gearing ratio for the Group was 0% (as at 31 December 2024: 0%), calculated based on bank borrowings of the Group and equity attributable to owners of the Company. The Group would serve its debts primarily with cash flow generated from its operation, seeking new banking facilities and exploring the availability of alternative sources of financing. The management is confident that the Group has adequate financial resources to meet its future debt repayment obligations whilst supporting its working capital requirements and future expansion.

PROSPECTS

Looking forward, the Group will maintain its growth strategy with an emphasis on expanding production capacity, advancing technological upgrades, and diversifying its product portfolio. As new projects progress steadily, improvements in energy efficiency and environmental protection in the Group's core urea production are anticipated, enabling the delivery of higher quality urea products to our customers. The Group's newly launched medium granular urea product is poised to deliver substantial value by addressing the evolving needs of both agricultural and industrial customers. With enhanced usability and improved application efficiency, this innovative product is expected to create new revenue streams, boost customer satisfaction, and reinforce the Group's position as a market leader. Its introduction not only aligns with stricter environmental and quality standards, but also provides a timely response to increasing local demand, ensuring that the Group remains agile and profitable in a dynamic marketplace. Moreover, the growing demand for specialty fertilizers in the market, coupled with the implementation of more stringent environmental regulations in the automotive urea industry, is anticipated to promote sustainable growth and encourage ongoing product diversification for the Group. Despite this, market uncertainties persist, with domestic supply and demand, export policy adjustments, international market fluctuations, and ongoing geopolitical tensions remaining key influences on the urea market. The evolving global political landscape may affect trade routes, supply chains, and regulatory environments, adding further complexity to market dynamics. The Group will take proactive measures to address these challenges, focusing on expanding production capacity, process optimization, and product innovation. These efforts will further strengthen the stability and core competitiveness of our operations, establishing a solid foundation for optimizing our product structure and expanding future market opportunities.

FOREIGN CURRENCY EXPOSURE

The Group was exposed to foreign exchange risk during the Reporting Period arising from various currency exposures mainly to the extent of its bank balances in currency denominated in Hong Kong dollars.

The Group does not have a formal foreign currency hedging policy or conducts hedging exercise to reduce its foreign currency exposure. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should it be necessary.

CAPITAL COMMITMENTS

As at 31 December 2025, capital commitment of the Group which had been contracted for but not provided in the financial statements was approximately RMB477.1 million (as at 31 December 2024: approximately RMB94.2 million).

CHARGE ON ASSETS

As at 31 December 2025, there was no charge over any assets of the Group.

CONTINGENT LIABILITIES

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

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2025, the Group employed a total of 1,225 employees (as at 31 December 2024: 1,252 employees). The Group's emolument policy is formulated based on industry practices and performance of individual employees. During the Reporting Period, the total staff costs (including directors' emoluments) amounted to approximately RMB159.2 million (year ended 31 December 2024: RMB159.3 million). The Company has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants, including the employees of the Group, for their contribution to the Group.

EVENTS AFTER THE REPORTING PERIOD

There is no event that will have material impact on the Group from the end of the Reporting Period to the date of this announcement.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES COMPANIES

There was no material acquisition or disposal of subsidiaries, associates or joint ventures of the Company during the Reporting Period.

SIGNIFICANT INVESTMENTS

There was no significant investment held by the Company during the Reporting Period.

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

During the Reporting Period, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PROPOSED FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK4.0 cents (2024: HK3.6 cents) per ordinary share, absorbing a total amount of about HK\$24.8 million (2024: HK\$22.4 million), in respect of the year ended 31 December 2025 (the "Proposed Final Dividend"), which is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on 22 May 2026 (the "2026 AGM"). The Proposed Final Dividend is expected to be paid on 12 June 2026 to all shareholders whose names to be appeared on the register of members of the Company on 2 June 2026.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Wang Chunmeng (王春萌), aged 42

Executive Director and chairman of the Board

Mr. Wang is an executive Director of the Group and the chairman of the Board, and is responsible for overall strategic development, leading the business development of the Group, as well as the Group's strategic investments and overseeing its sustainable development plans. He was appointed as a Director on 3 July 2023 and appointed as chairman of the Board on 26 June 2024. Mr. Wang is the son of Mr. Wang Zhihe, an executive Director. Mr. Wang has over 10 years' experience in industrial development and on transformation research, and project and investment planning. From August 2006 to April 2010, Mr. Wang served in the Office of People's Government of Dongguang County in Hebei Province (河北省東光縣人民政府辦公室), first as staff member of the Information Division and later, as head of the System Reform Division, where he focused mainly on policy research, information research and system reform. From May 2010 to June 2023, he has served in the Office of People's Government of Cangzhou City in Hebei Province (河北省滄州市人民政府辦公室) in various positions, including senior staff member of General Affairs Division 1 of the Municipal Government Office, deputy section chief of Documentation Division of the Municipal Government Office, Class-I principal staff member of General Affairs Division VI of the Municipal Government Office and Class-I principal staff member of Foreign Affairs Office of the Municipal Government, where he has been mainly responsible for research on and promotion of commercial affairs, environmental protection, industrialisation and informatisation, industrial transformation and upgrading as well as organising forums regarding strategy formation, project planning and investment attraction. Mr. Wang obtained his bachelor's degree in education in July 2006 from Hebei Sport University (河北體育學院).

Mr. Wang Zhihe (王治河), aged 68

Executive Director

Mr. Wang is an executive Director, and is responsible for overall strategic development and the business development of the Group. He was appointed as a Director on 12 June 2014 and re-designated as executive Director on 20 June 2017. Mr. Wang is one of the founders of the Group and a controlling shareholder of the Company. He has over 45 years of experience in operation, and over 30 years of experience in managing the business of manufacturing coal-based fertiliser. Mr. Wang joined the Group in July 1998. He has been the chairman of Hebei Dongguang Chemical Co., Ltd* (河北省東光化工有限責任公司) ("Dongguang Chemical") since July 1998. Mr. Wang was the general manager of Dongguang Chemical from July 1998 to February 2012, the factory director of Dongguang Huafei from November 1992 to June 1998, the deputy factory director of Dongguang Huafei from January 1992 to October 1992, the office director of Dongguang Huafei from June 1986 to December 1991, the chief of sales division of Dongguang Huafei from January 1984 to May 1986 and the statistician of Dongguang Huafei from January 1978 to December 1983. He completed a semi-sabbatical study junior college professional certificate course in industrial management organised by Hebei Faculty of Technology* (河北工學院) (currently known as Hebei University of Technology (河北工業大學)) in June 1990. Mr. Wang is also a director of certain subsidiaries of the Group. Mr. Wang is also the father of Mr. Wang Chunmeng, an executive Director and chairman of the Board. Besides, Mr. Wang is a director of Sino-Coal Chemical Holding Group Limited ("Sino-Coal Holding") and Bloom Ocean Investments Limited ("Bloom Ocean") respectively. Each of Sino-Coal Holding and Bloom Ocean was the beneficial owner of 279,680,000 and 180,320,000 shares of US\$0.0001 each in the share capital of the Company ("Shares") as at 31 December 2024 respectively. Mr. Wang's interest in the Shares as at 31 December 2024 is disclosed under the paragraph headed "Directors' Report — Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation" in this Annual Report.

BOARD OF DIRECTORS

Mr. Sun Zushan (孫祖善), aged 73

Executive Director and chief operating officer of the Group

Mr. Sun is an executive Director and the chief operating officer of the Group, and is responsible for overall operational management of the Group. He was appointed as a Director on 12 June 2014 and re-designated as executive Director on 20 June 2017. Mr. Sun is one of the founders of the Group. He has over 53 years of experience in operation, and over 25 years of experience in managing the business of manufacturing coal-based fertiliser. Mr. Sun joined the Group in July 1998. He was the general manager of Dongguang Chemical from March 2012 to December 2017. Mr. Sun was the deputy general manager of Dongguang Chemical from July 1998 to February 2012, the deputy factory director and director of Dongguang Huafei from May 1998 to June 1998, assistant factory director of Dongguang Huafei from March 1997 to April 1998, chief of sales division of Dongguang Huafei from April 1994 to February 1997, the director of the technology transformation office of Dongguang Huafei from April 1991 to April 1994, the chief of production division of Dongguang Huafei from June 1989 to April 1991, the chief of supply division of Dongguang Huafei from January 1989 to June 1989, the deputy branch chemical factory director of Dongguang Huafei from September 1986 to January 1989, the deputy chief of equipment division of Dongguang Huafei from July 1984 to August 1986, the deputy director of chemical workshop of Dongguang Huafei from September 1978 to June 1984, the repairman of repair workshop of Dongguang Huafei from May 1974 to August 1978 and the operator of transform workshop of Dongguang Huafei from June 1970 to May 1974. He is also a director of certain subsidiaries of the Group. Besides, Mr. Sun is a director of Sino-Coal Holding. Sino-Coal Holding is owned as to approximately 6.908% by Power Moon Limited, a company wholly owned by Mr. Sun.

Mr. Xu Xijiang (徐希江), aged 64

Executive Director and chief technology officer of the Group

Mr. Xu is an executive Director and the chief technology officer of the Group, and is responsible for overall management of technology and production of the Group. He was appointed as a Director on 12 June 2014 and re-designated as executive Director on 20 June 2017. Mr. Xu is one of the founders of the Group. He has over 42 years of experience in operation, and over 25 years of experience in managing the business of manufacturing coal-based fertiliser. Mr. Xu joined the Group in July 1998. He has been the deputy general manager of Dongguang Chemical since July 1998. Mr. Xu was the assistant factory director of Dongguang Huafei from December 1992 to June 1998, the chief of production division of Dongguang Huafei from October 1990 to December 1992, the director of chrysophenine workshop (凍黃車間) of Dongguang Huafei from May 1989 to October 1990 and the workman of Dongguang Huafei from September 1981 to May 1989. He is also a director of certain subsidiaries of the Group. Besides, Mr. Xu is a director of Sino-Coal Holding. Sino-Coal Holding is owned as to approximately 6.908% by Decent Magic Limited, a company wholly owned by Mr. Xu.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Lin Xiuxiang (林秀香), aged 63

Independent non-executive Director

Ms. Lin is an independent non-executive Director. She was appointed as an independent non-executive Director on 20 June 2017. Ms. Lin has over 37 years of experience in the education field in financial management and accounting. She has been the director of the department of financial management of the school of accountancy of the Central University of Finance and Economics (中央財經大學) (“CUFE”) since October 2003 to February 2023 and a professor in the faculty of accounting and financial management of the school of accountancy of CUFE since September 2006. She has also been an independent director and a director of the audit committee of Minsheng Securities (民生證券股份有限公司) since August 2012 to August 2018. She has also been an associate professor in the faculty of financial management of the school of accountancy of CUFE from October 2003 to August 2006, an associate professor in the faculty of finance of CUFE from September 1999 to September 2003, a lecturer in financial management of the faculty of finance of CUFE from May 1996 to August 1999, a lecturer in finance and accounting of the faculty of finance of Central School of Finance* (中央財政金融學院) (currently known as CUFE) from November 1992 to April 1996 and a teaching assistant in finance and accounting of the faculty of finance of Central School of Finance from August 1988 to October 1992. Ms. Lin obtained a doctoral degree in economics from CUFE in June 2006. She also obtained a master’s degree in economics from the Central School of Finance in July 1988.

Mr. Liu Jincheng (劉金成), aged 62

Independent non-executive Director

Mr. Liu is an independent non-executive Director. He was appointed as an independent non-executive Director on 20 June 2017. Mr. Liu has over 28 years of experience in operation and management in chemical industry. He has been the Head of Technical Committee of Hebei Yangmei Zhengyuan Chemical Group Co., Ltd* (河北陽煤正元化工集團有限公司), which principally engages in the manufacture of fertiliser and the research and development of equipment for the production of fertiliser, since September 2019 to August 2023, the vice chairman of the board of Hebei Yangmei Zhengyuan Chemical Group Co., Ltd* (河北陽煤正元化工集團有限公司) from January 2010 to September 2019 and the general manager of Cangzhou Zhengyuan Fertiliser Co., Ltd* (滄州正元化肥有限公司), which is principally engaged in the manufacture of fertiliser, from October 2013 to September 2017. He has also been the president of Hebei Zhengyuan Chemical Group Joint Stock Co., Ltd* (河北正元化工集團股份有限公司) (formerly known as Hebei Zhengyuan Chemical Group Co., Ltd* (河北正元化工集團有限公司)), which principally engages in the manufacture of fertiliser and the research and development of equipment for the production of chemical, from April 2006 to January 2010, the president of Hebei Zhengyuan Investment Co., Ltd* (河北正元投資有限責任公司), which principally engages in the operation and investment in fertiliser businesses, from April 2005 to April 2006, and the technology manager of Shijiazhuang Zhengyuan Gaoxiao Tower Development Company* (石家莊正元高效塔器開發公司), which principally engages in the manufacture of equipment for the production of chemical, from October 1992 to April 2005. Mr. Liu obtained a master’s degree in chemical engineering from the Hebei Faculty of Technology* (河北工學院) (currently known as Hebei University of Technology (河北工業大學)) in July 1988.

BOARD OF DIRECTORS

Mr. Ng Sai Leung (吳世良), aged 53

Independent non-executive Director

Mr. Ng is an independent non-executive Director. He was appointed as an independent non-executive Director on 20 June 2017. Mr. Ng has over 25 years of experience in investment banking and business assurance industries. He is the independent non-executive Director who has the qualifications and experience to meet the requirements under Rule 3.10(2) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Mr. Ng was the Managing Director and Head of Corporate Finance of Shanxi Securities International Capital Limited, a licensed corporation under the SFO which principally engages in the provision of investment banking services, from August 2019 to 1 March 2026. He was appointed as an independent non-executive director of Yunhong Guixin Group Holdings Limited (formerly known as MEIGU Technology Holding Group Limited), a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8349), from 16 December 2016 to 11 January 2026. He was also the managing director of Baron Global Financial Services Limited (currently known as VBG Capital Limited), a licensed corporation under the SFO which principally engages in the provision of investment banking services, from January 2015 to August 2019, a director of the investment banking department of CMB International Capital Corporation Limited, which principally engages in the provision of investment banking services to global, local institutional and corporate clients as well as individual investors, from August 2010 to January 2015, a vice president and senior vice president of the corporate finance division of CIMB Securities (HK) Ltd., a company which principally engages in the provision of a full range of services from cash equities, equity sales and research and debt capital markets through to financial/corporate advisory and merger and acquisitions, from June 2006 to August 2010, a senior manager and an associate director of MasterLink Securities (HK) Corp., Ltd., a company which principally engages in the provision of corporate finance advisory services, from May 2004 to May 2006, an assistant manager, manager and senior manager of the corporate finance department of Tai Fook Capital Limited (currently known as Haitong International Capital Limited), a company which principally engages in the provision of corporate finance advisory services, from September 1999 to April 2004, an officer of the compliance department of Hong Kong Futures Exchange Limited from March 1998 to September 1999, and a junior internal officer of the private banking division of Swiss Bank Corporation, an investment bank which then principally engaged in the provision of financial services, from March 1997 to February 1998. He also worked as an accountant of Ernst & Young from August 1995 to March 1997. Mr. Ng was certified as a certified public accountant from the Board of Public Accountants of the State of Montana, the US in September 1997. He is also a member of the Chartered Financial Analyst Institute and a Certified ESG Analyst. Mr. Ng obtained a bachelor's degree in business administration from The University of Hong Kong in November 1995. He also obtained a master's degree in business administration from The Chinese University of Hong Kong in December 2002.

SENIOR MANAGEMENT

Mr. Guo Jianming (郭建明), aged 52

General manager of the Group

Mr. Guo is the general manager of the Group, and is responsible for the overall production and operation management of the Group. He has been with the Group since July 1998. He has been the general manager of Dongguang Chemical since December 2017. He was the deputy general manager of Dongguang Chemical from August 2003 to December 2017. Mr. Guo was the assistant general manager of Dongguang Chemical from March 2001 to August 2003, the director of plastic woven workshop of Dongguang Chemical from June 1999 to March 2001 and the operator of transform workshop of Dongguang Chemical from July 1998 to June 1999 and the operator of transform workshop of Dongguang Huafei from April 1997 to June 1998. He completed junior college study course in industrial analysis organised by Hebei Institute of Technology* (河北理工學院) (currently known as Hebei United University (河北聯合大學)) in July 1996.

Mr. Cheng Shing Hay (鄭承熙), aged 48

Chief financial officer and company secretary of the Company

Mr. Cheng, is the chief financial officer and company secretary of the Company. He was appointed as the chief financial officer on 11 February 2015 and the company secretary on 31 March 2015. Mr. Cheng is responsible for overseeing the Group's financial and company secretarial functions. He has over 20 years of experience in finance, accounting and auditing field. Prior to joining the Group, Mr. Cheng was the chief financial officer and company secretary of China New City Commercial Development Limited (stock code: 1321), a company which shares are listed on the Main Board of the Stock Exchange, from January 2014 to January 2015, the financial controller and later the joint chief financial officer of Xiangyu Dredging Holdings Limited (stock code: 871), a company which shares are listed on the Main Board of the Stock Exchange, from December 2012 to November 2013, and chief financial officer of a PRC based internet company from October 2011 to November 2012. Prior to that, between September 2001 and October 2011, Mr. Cheng had worked in various positions of the audit department in Deloitte Touche Tohmatsu and Grant Thornton. Mr. Cheng is a non-practicing member of the Hong Kong Institute of Certified Public Accountants and chartered accountant of the Chartered Accountants Australia and New Zealand (formerly known as Institute of Chartered Accountants of New Zealand). He was appointed as an independent non-executive director of China International Development Corporation Limited (formerly known as Ascent International Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 264) from 15 September 2017 to 7 September 2018. Mr. Cheng obtained a graduate diploma in commerce from the University of Auckland in May 2001 and a bachelor degree in commerce from the University of Auckland in May 2000.

CORPORATE GOVERNANCE REPORT

(I) STATEMENT OF COMPLIANCE

It is the policy of the Company to manage the affairs of the Group in accordance with the appropriate standards for good corporate governance. Summarised below is a statement on how the Company during the year ended 31 December 2025 has applied the principles and complied with the code provisions as set out in the Corporate Governance Code in effect during the year ended 31 December 2025 (the "CG Code") as contained Part 2 of in Appendix C1 of the Listing Rules.

Note: The amendments to the CG Code effective on 1 July 2025 will apply to the corporate governance reports and annual reports of the Company published in respect of financial years commencing on or after 1 July 2025. For this annual report, the Company shall refer to the then effective CG Code.

A. Corporate Purpose, Strategy and Governance

A.1 Corporate strategy, business model and culture

Principle

An issuer should be headed by an effective Board which should assume responsibility for its leadership and control and be collectively responsible for promoting its success by directing and supervising its affairs. Directors should take decisions objectively in the best interests of the issuer.

Code Provisions	Any deviations?	Governance practice of the Company
A.1.1 The Board should establish the issuer's purpose, values and strategy, and satisfy itself that these and the issuer's culture are aligned. All Directors must act with integrity, lead by example, and promote the desired culture. Such culture should instil and continually reinforce across the organisation values of acting lawfully, ethically and responsibly.	No	The Board has established the Company's purpose, values and strategy and ensured that a complementary culture has been formulated and promoted within the Group. The culture of the Group is further supplemented by the anti-corruption and whistle-blowing policies adopted by the Group which hold employees to high standards of ethical and moral conduct.
A.1.2 The Directors should include a discussion and analysis of the Group's performance in the annual report, an explanation of the basis on which the issuer generates or preserves value over the longer term (the business model) and the strategy for delivering the issuer's objectives.	No	The Company's corporate strategy and long term business model are explained in the section headed "Management Discussion and Analysis" of this Annual Report.

A.2 Corporate Governance Functions

Principle

The Board is responsible for performing the corporate governance duties. It may delegate the responsibility to a committee or committees.

Code Provisions	Any deviations?	Governance practice of the Company
A.2.1 The terms of reference of the Board (or a committee performing the corporate governance function) should include at least the prescribed specific duties.	No	Terms of reference of the Corporate Governance Committee contain all the specific corporate governance duties as prescribed by the CG Code.

(I) STATEMENT OF COMPLIANCE (CONTINUED)**B. BOARD COMPOSITION AND NOMINATION***B.1 Board composition, succession and evaluation*

Principle

The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the issuer's business, and should ensure that the directors devote sufficient time and make contributions to the issuer that are commensurate with their role and Board responsibilities. It should ensure that changes to its composition can be managed without undue disruption. It should include a balanced composition of executive and non-executive directors (including independent non-executive Directors ("INEDs")) so that there is a strong independent element on the Board, which can effectively exercise independent judgement. Non-executive directors should be of sufficient calibre and number for their views to carry weight.

Code Provisions	Any deviations?	Governance practice of the Company
B.1.1 INEDs should be identified in all corporate communications that disclose the names of Directors.	No	Composition of the Board at the prevailing time throughout the year, by category of Directors, including names of executive Director(s), non-executive Director and INEDs, has been disclosed in all corporate communication.
B.1.2 An issuer should maintain on its website and on the Stock Exchange's website an updated list of its Directors identifying their roles and functions and whether they are INEDs	No	An updated list of the Company's Directors identifying their roles and functions and whether they are INEDs is available on the Company's website and the website of the Stock Exchange.
B.1.3 The Board should review the implementation and effectiveness of the issuer's policy on Board diversity on an annual basis.	No	The Board reviewed the implementation and effectiveness of the Company's policy on Board diversity for the year ended 31 December 2025.
B.1.4 An issuer should establish mechanism(s) to ensure independent views and input are available to the Board and disclose such mechanism(s) in its Corporate Governance Report. The Board should review the implementation and effectiveness of such mechanism(s) on an annual basis.	No	Various mechanisms have been put in place so as to ensure the Board has access to independent views and input. The Board has reviewed such mechanisms for the year ended 31 December 2025.

CORPORATE GOVERNANCE REPORT

(I) STATEMENT OF COMPLIANCE *(CONTINUED)*

B. BOARD COMPOSITION AND NOMINATION *(Continued)*

B.2 *Appointments, re-election and removal*

Principle

There should be a formal, considered and transparent procedure for the appointment of new directors. There should be plans in place for orderly succession for appointments. All directors should be subject to re-election at regular intervals. An issuer must explain the reasons for the resignation or removal of any director.

Code Provisions	Any deviations?	Governance practice of the Company
B.2.1 Directors should ensure that they can give sufficient time and attention to the issuer's affairs.	No	The Directors continue to give appropriate time and attention to the affairs of the Company.
B.2.2 Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.	No	The Company's Articles of Association conform with this code provision whereby every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.
B.2.3 Re-appointment of any INED who has served more than 9 years should be subject to a separate resolution to be approved by shareholders and the papers to shareholders accompanying that resolution should include the reasons why the Board believes he is still independent and should be re-elected.	No	There is no INED who has served more than 9 years.
B.2.4 Where all the INEDs of an issuer have served more than nine years on the Board, the issuer should: (a) disclose the length of tenure of each existing INED on a named basis in the circular to shareholders and/or explanatory statement accompanying the notice of the annual general meeting; and (b) appoint a new INED on the Board at the forthcoming annual general meeting.	No	There is no INED who has served more than 9 years.

(I) STATEMENT OF COMPLIANCE (CONTINUED)**B. BOARD COMPOSITION AND NOMINATION (Continued)***B.3 Nomination Committee*

Principle

In carrying out its responsibilities, the Nomination Committee should give adequate consideration to the Principles under B.1 and B.2.

Code Provisions	Any deviations?	Governance practice of the Company
B.3.1 The Nomination Committee should have specific written terms of reference to include the prescribed specific duties.	No	The Nomination Committee has specific written terms of reference which contain all the specific duties as prescribed by the CG Code. Please refer to section (III)(C)(2) of this Corporate Governance Report for the principal duties of the Nomination Committee.
B.3.2 The Nomination Committee should make available its terms of reference explaining its role and the authority delegated to it by the Board by including them on the Stock Exchange's website and issuer's website.	No	Terms of reference of the Nomination Committee (including its role and functions) are available on the websites of the Stock Exchange and the Company.
B.3.3 Issuers should provide the Nomination Committee sufficient resources to perform its duties.	No	The Nomination Committee is entitled to seek independent professional advice, at the Company's expenses, if it considers necessary in order to perform its duties.

CORPORATE GOVERNANCE REPORT

(I) STATEMENT OF COMPLIANCE *(CONTINUED)*

B. BOARD COMPOSITION AND NOMINATION *(Continued)*

B.3 Nomination Committee *(Continued)*

Principle *(Continued)*

Code Provisions	Any deviations?	Governance practice of the Company
B.3.4 Where the Board proposes a resolution to elect an individual as an INED at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting: (a) the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why it considers the individual to be independent; (b) if the proposed INED will be holding their seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board; (c) the perspectives, skills and experience that the individual can bring to the Board; and (d) how the individual contributes to diversity of the Board.	No	When there is a proposed re-appointment of a retiring INED, the Company will include in the circular to shareholders accompanying the notice of the relevant general meeting the required information.

(I) STATEMENT OF COMPLIANCE (CONTINUED)**C. DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS***C.1 Responsibilities of directors*

Principle

Every director must always know their responsibilities as a director of an issuer and its conduct, business activities and development. Given the essential unitary nature of the Board, non-executive Directors have the same duties of care and skill and fiduciary duties as executive Directors.

Code Provisions	Any deviations?	Governance practice of the Company
C.1.1 Newly appointed Directors should receive a comprehensive, formal and tailored induction on appointment. Subsequently they should receive any briefing and professional development as is necessary.	No	Every newly appointed Directors are given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group. The Directors are updated on the latest developments regarding the Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. Continuing briefings and professional development to Directors will be arranged whenever necessary.
C.1.2 The functions of non-executive Directors should include: <ul style="list-style-type: none"> (a) participating in Board meetings to bring an independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct; (b) taking the lead where potential conflicts of interests arise; (c) serving on the audit, remuneration, nomination and other governance committees, if invited; and (d) scrutinising the issuer's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting. 	No	All INEDs and the non-executive Director of the Company in office during the year ended 31 December 2025 have duly performed these functions.

CORPORATE GOVERNANCE REPORT

(I) STATEMENT OF COMPLIANCE *(CONTINUED)*

C. DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS *(Continued)*

C.1 Responsibilities of directors *(Continued)*

Principle *(Continued)*

Code Provisions	Any deviations?	Governance practice of the Company
<p>C.1.3 The Board should establish written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the issuer's securities.</p> <p>"Relevant employee" includes any employee or a director or employee of a subsidiary or holding company who, because of such office or employment, is likely to possess inside information in relation to the issuer or its securities.</p>	No	<p>The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules in force during the year ended 31 December 2025 as its code of conduct regarding securities transactions by its Directors.</p> <p>The Model Code has been extended and has become equally applicable to dealings in the securities of the Company by members of senior management as included in the Company's latest annual report or as otherwise resolved by the Board from time to time.</p>
<p>C.1.4 All Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The issuer should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.</p>	No	<p>All Directors are provided with continuous updates and briefings on the latest changes or material developments in statutes, the Listing Rules, corporate governance practices, etc. and are encouraged to participate in continuous professional development programmes, at the Company's expenses, to update and enhance their knowledge and skills for performing Directors' roles and responsibilities.</p>
<p>C.1.5 Directors should disclose to the issuer at the time of their appointments, and in a timely manner for any changes, the number and nature of offices held in public companies or organisations and other significant commitments. The identity of the public companies or organisations and an indication of the time involved should also be disclosed.</p>	No	<p>Each Director is required, on appointment, to disclose to the Board his directorships in public companies or organisations and other significant commitments, and provides continuous updates, on a regular basis, for any change therein, with an indication of the time involved.</p>

(I) STATEMENT OF COMPLIANCE (CONTINUED)**C. DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (Continued)***C.1 Responsibilities of directors (Continued)**Principle (Continued)*

Code Provisions	Any deviations?	Governance practice of the Company
C.1.6 INEDs and other non-executive Directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Generally they should also attend general meetings to gain and develop a balanced understanding of the views of shareholders.	No	<p>During the year ended 31 December 2025, all INEDs and, where relevant, the non-executive Director of the Company have given the Board and any Board Committees on which they served the benefit of their skills, expertise, varied backgrounds and qualifications through regular attendance and active participation at meetings of the Board and relevant Board Committees (as the case may be).</p> <p>All the INEDs and the non-executive Director of the Company had attended the annual general meeting of the Company held on 22 May 2025.</p>
C.1.7 INEDs and other non-executive Directors should make a positive contribution to the development of the issuer's strategy and policies through independent, constructive and informed comments.	No	<p>Please refer to the section headed "Board of Directors" of this Annual Report for the skills and experience of each Director. Adequate business documents and information about the Group were provided to all Directors in a timely manner. The INEDs in office during the year ended 31 December 2025 were able to provide independent, constructive and informed comments and decisions on the development of the Company's strategy and policies.</p>
C.1.8 An issuer should arrange appropriate insurance cover in respect of legal action against its Directors.	No	<p>All Directors are provided with appropriate insurance cover in respect of legal action against them.</p>

CORPORATE GOVERNANCE REPORT

(I) STATEMENT OF COMPLIANCE *(CONTINUED)*

C. DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS *(Continued)*

C.2 Chairman and Chief Executive

Principle

There are two key aspects of the management of every issuer – the management of the Board and the day-to-day management of business. There should be a clear division of these responsibilities to ensure a balance of power and authority, so that power is not concentrated in any one individual.

Code Provisions	Any deviations?	Governance practice of the Company
C.2.1 Roles of Chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and chief executive should be clearly established and set out in writing.	No	Mr. Wang Chunmeng is the Group's Chairman but no Chief Executive Officer has been appointed.
C.2.2 The Chairman should ensure that all Directors are properly briefed on issues arising at Board meetings.	No	All Directors are properly briefed on issues arising at Board meetings.
C.2.3 The Chairman should ensure that Directors receive, in a timely manner, adequate information, which must be accurate, clear, complete and reliable.	No	Adequate business documents and information about the Group are provided to all Directors in a timely manner.
C.2.4 The Chairman provides leadership for the Board and should ensure that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. The Chairman should be primarily responsible for drawing up and approving the agenda for each Board meeting.	No	The Board, under the leadership of the Chairman, works effectively and performs its responsibilities with all key and appropriate issues discussed in a timely manner. Comments on the draft notice and agenda of regular Board meetings and matters proposed to be included in such drafts by any Director will be duly considered before finalisation.
C.2.5 The Chairman should ensure that good corporate governance practices and procedures are established.	No	The Board establishes and maintains good governance practices and procedures.

(I) STATEMENT OF COMPLIANCE (CONTINUED)**C. DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (Continued)***C.2 Chairman and Chief Executive (Continued)**Principle (Continued)*

Code Provisions	Any deviations?	Governance practice of the Company
C.2.6 The Chairman should encourage all Directors to make a full and active contribution to the Board's affairs and take the lead to ensure that it acts in the best interests of the issuer.	No	All Directors are encouraged to make a full and active contribution to the Board's affairs and to voice their concerns if they have different views. Directors are given sufficient time for discussion at Board meetings. All Directors endeavour to act in the best interests of the Company.
C.2.7 The Chairman should at least annually hold meetings with the INEDs without the presence of other Directors.	No	During the year ended 31 December 2025, the Chairman had held a meeting with the INEDs of the Company.
C.2.8 The Chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the Board as a whole.	No	Shareholders' Communication Policy has been established by the Board to ensure that an effective system of communication with shareholders is in place. Shareholders are encouraged to participate in general meetings whereat members of the Board and Board Committees are available to answer their questions.
C.2.9 The Chairman should promote a culture of openness and debate by facilitating the effective contribution of non-executive Directors in particular and ensuring constructive relations between executive and non-executive Directors.	No	All Directors are encouraged to openly share their views on the Company's affairs and issues and they are entitled to have access to the management who will respond to queries raised by the Directors as promptly and fully as possible. The Board has agreed on a procedure to enable the Directors to seek independent professional advice in appropriate circumstances, at the Company's expense, to assist them to perform their duties.

CORPORATE GOVERNANCE REPORT

(I) STATEMENT OF COMPLIANCE *(CONTINUED)*

C. DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS *(Continued)*

C.3 Management functions

Principle

An issuer should have a formal schedule of matters specifically reserved for Board approval. The Board should give clear directions to management on the matters that must be approved by it before decisions are made on the issuer's behalf.

Code Provisions	Any deviations?	Governance practice of the Company
C.3.1 When the Board delegates aspects of its management and administration functions to management, it must also give clear directions as to the management's powers.	No	The Board delegates management and administration functions to the management as it considers appropriate from time to time, with clear directions as to the management's powers including circumstances where the management shall report back and obtain prior Board approval.
C.3.2 An issuer should formalise the functions reserved to the Board and those delegated to management. It should review those arrangements periodically to ensure that they remain appropriate to the issuer's needs.	No	There is a formal schedule of matters reserved for the Board's decision, including: (i) Mergers and acquisitions; (ii) Investments and divestments; (iii) Acquisitions and disposals of assets; (iv) Major corporate policies on key area of operations; (v) Acceptances of bank facilities; (vi) Annual budget; (vii) Release of Group's interim and full year results; and (viii) Those matters which are likely to have a material impact on the Group's operating units and/or financial position as well as matters other than in the ordinary course of business.
C.3.3 Issuers should have formal letters of appointment for Directors, who should clearly understand delegation arrangements in place.	No	A formal letter of appointment setting out the key terms and conditions of appointment had been entered into between the Company and individual Directors. Each Director understands the delegation arrangements in place.

(I) STATEMENT OF COMPLIANCE *(CONTINUED)***C. DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS** *(Continued)**C.4 Board Committees*

Principle

Board committees should be formed with specific written terms of reference which deal clearly with their authority and duties.

Code Provisions	Any deviations?	Governance practice of the Company
C.4.1 The Board should give sufficiently clear terms of reference to Board Committees.	No	Clear terms of reference have been adopted for the formal Board Committees of the Company, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee.
C.4.2 The terms of reference of Board Committees should require them to report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so.	No	This term has been included in the terms of reference of the relevant Board Committees

CORPORATE GOVERNANCE REPORT

(I) STATEMENT OF COMPLIANCE *(CONTINUED)*

C. DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS *(Continued)*

C.5 *Conduct of Board proceedings and supply of and access to information*

Principle

The issuer should ensure directors can participate in Board proceedings in a meaningful and effective manner. Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.

Code Provisions	Any deviations?	Governance practice of the Company
C.5.1 At least 4 Board meetings should be held each year.	No	The Board has overall responsibility for the proper conduct of the Company's business. Regular Board meetings are held on a quarterly basis and ad hoc Board meetings will be held as and when required.
C.5.2 All Directors should be given an opportunity to include matters in the agenda for regular Board meetings.	No	Draft notice and agenda for regular Board meetings are provided to all Directors for comments and consideration and inclusion of any matters for deliberation at the meetings.
C.5.3 Notice of at least 14 days should be given of a regular Board meeting. For all other Board meetings, reasonable notice should be given.	No	Reasonable notice will be given for all other Board meetings.
C.5.4 Minutes of Board and Board Committees meetings should be kept by a duly appointed secretary of the meeting and should be open for inspection by any Director.	No	Minutes of the meetings of the Board, the Audit Committee, the Nomination Committee, Remuneration Committee and Corporate Governance Committee are kept by the Company Secretary. Such minutes are available for inspection on reasonable notice by any Director.
C.5.5 Draft and final versions of minutes of Board meetings should be sent to all Directors for their comments and records within a reasonable time after the Board meeting is held.	No	Draft and final versions of minutes of Board meetings are sent to all Directors for their comments and records within a reasonable time.

(I) STATEMENT OF COMPLIANCE (CONTINUED)

C. DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (Continued)

C.5 Conduct of Board proceedings and supply of and access to information (Continued)
Principle (Continued)

Code Provisions	Any deviations?	Governance practice of the Company
C.5.6	No	There should be a procedure agreed by the Board to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the issuer's expense.
C.5.7	No	If a substantial shareholder or a Director has a conflict of interest in a material matter to be considered by the Board, the matter should be dealt with by a physical Board meeting rather than a written resolution.
C.5.8	No	For regular Board meetings, and as far as practicable in all other cases, board papers should be sent, in full, to all Directors at least 3 days (or other agreed period) before a Board or Board Committee meeting.
C.5.9	No	Management has an obligation to supply the Board and its committees with adequate information in a timely manner. The Board and individual Directors should have separate and independent access to the issuer's Senior Management.

CORPORATE GOVERNANCE REPORT

(I) STATEMENT OF COMPLIANCE *(CONTINUED)*

C. DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS *(Continued)*

C.5 *Conduct of Board proceedings and supply of and access to information (Continued)*

Principle *(Continued)*

Code Provisions	Any deviations?	Governance practice of the Company
C.5.10 All Directors are entitled to have access to board papers and related materials. Queries raised by Directors should receive a prompt and full response, if possible.	No	Board papers, minutes and related corporate documentation are made available for inspection by all Directors. All Directors are entitled to have access to the management who will respond to queries raised by the Directors as promptly and fully as possible.

C.6 *Company Secretary*

Principle

The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the chief executive on governance matters and should also facilitate induction and professional development of directors.

Code Provisions	Any deviations?	Governance practice of the Company
C.6.1 The Company Secretary should be an employee of the issuer and have day-to-day knowledge of the issuer's affairs.	No	The Company Secretary is an employee of the Company and has general knowledge of its affairs.
C.6.2 The Board should approve the selection, appointment or dismissal of the Company Secretary.	No	The selection, appointment or dismissal of the Company Secretary shall be approved by the Board as appropriate at Board meeting, as and when the occasion arises.
C.6.3 The Company Secretary should report to the Board Chairman and/or the Chief Executive.	No	The Company Secretary reports to the Board of Directors on Board matters.
C.6.4 All Directors should have access to the advice and services of the Company Secretary to ensure that Board procedures, and all applicable law, rules and regulations, are followed.	No	All Directors have access to the advice and services of the Company Secretary on Board procedures and corporate governance matters as and when required.

(I) STATEMENT OF COMPLIANCE (CONTINUED)**D. AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT***D.1 Financial reporting*

Principle

The Board should present a balanced, clear and comprehensible assessment of the company's performance, position and prospects.

Code Provisions	Any deviations?	Governance practice of the Company
D.1.1 Management should provide sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before it for approval.	No	The Directors are regularly provided with relevant reports and updates on the Company's business and financial information.
D.1.2 Management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.	No	All Directors are provided with monthly updates giving a balanced and understandable assessment of the Group's performance, position, recent developments and prospects, where applicable, in sufficient details to keep the Directors abreast of the Group's affairs in order to perform their duties.
D.1.3 The Directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts. There should be a statement by the auditors about their reporting responsibilities in the auditors' report on the financial statements.	No	<p>The Directors are responsible for preparing accounts for each financial year which give a true and fair view of the financial position of the Group and of the financial performance and cash flows of the Group for the year then ended.</p> <p>In preparing accounts for the year ended 31 December 2025, the Directors have:</p> <ul style="list-style-type: none"> (i) selected suitable accounting policies and applied them consistently; (ii) made judgements and estimates that are prudent and reasonable; and (iii) prepared accounts on the going concern basis. <p>The Independent Auditor's Report states the auditor's reporting responsibilities.</p>

CORPORATE GOVERNANCE REPORT

(I) STATEMENT OF COMPLIANCE *(CONTINUED)*

D. AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT *(Continued)*

D.1 *Financial reporting (Continued)*

Principle *(Continued)*

Code Provisions	Any deviations?	Governance practice of the Company
D.1.4 The Board should present a balanced, clear and understandable assessment in annual and interim reports and other financial disclosures required by the Listing Rules; and for reports to regulators and information disclosed under statutory requirements.	No	The Board endeavours to present a balanced, clear and understandable assessment of the Group's position in all corporate communications issued under statutory and/or regulatory requirements.

D.2 *Risk management and internal control*

Principle

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the issuer's strategic objectives, and ensuring that the issuer establishes and maintains appropriate and effective risk management and internal control systems. Such risks would include, amongst others, material risks relating to ESG (please refer to the ESG Reporting Guide in Appendix C2 to the Listing Rules for further information). The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems.

Code Provisions	Any deviations?	Governance practice of the Company
D.2.1 Directors shall at least annually conduct a review of the effectiveness of the issuer's and its subsidiaries' internal control systems and report to shareholders that they have done so in its Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls and risk management functions.	No	<p>The Board through the Audit Committee, has conducted periodic reviews of the effectiveness of the Group's system of internal control, which include financial, operational, compliance controls and risk management functions.</p> <p>The Board is of the view that the Group maintains a reasonably sound and effective system of internal control relevant to its level of operations.</p>

(I) STATEMENT OF COMPLIANCE *(CONTINUED)***D. AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT** *(Continued)**D.2 Risk management and internal control (Continued)**Principle (Continued)*

Code Provisions	Any deviations?	Governance practice of the Company
D.2.2 The Board's annual review should, in particular, ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer's accounting, internal audit, financial reporting functions, as well as those relating to the issuer's ESG performance and reporting.	No	The periodic reviews of the Board conducted through the Audit Committee as mentioned above have also considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function, as well as those relating to the Company's environmental, social and governance performance and reporting.

CORPORATE GOVERNANCE REPORT

(I) STATEMENT OF COMPLIANCE *(CONTINUED)*

D. AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT *(Continued)*

D.2 Risk management and internal control *(Continued)*

Principle *(Continued)*

Code Provisions	Any deviations?	Governance practice of the Company
D.2.3 The Board's annual review should, in particular, consider: (a) the changes, since the last annual review, in the nature and extent of significant risks (including ESG risks), and the issuer's ability to respond to changes in its business and the external environment; (b) the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers; (c) the extent and frequency of communication of monitoring results to the Board (or Board Committee(s)) which enables it to assess control of the issuer and the effectiveness of risk management; (d) significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the issuer's financial performance or condition; and (e) the effectiveness of the issuer's processes for financial reporting and Listing Rule compliance.	No	The Board's review has generally covered the aspects as referred to in Code Provision D.2.3. of the CG Code.

(I) STATEMENT OF COMPLIANCE (CONTINUED)**D. AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT (Continued)***D.2 Risk management and internal control (Continued)**Principle (Continued)*

Code Provisions	Any deviations?	Governance practice of the Company
D.2.4 Issuers should disclose a narrative statement on how they have complied with the risk management and internal control code provisions during the reporting period.	No	Please refer to section (III)(J) of this Corporate Governance Report.
D.2.5 The issuer should have an internal audit function. Issuers without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function in the Corporate Governance Report.	No	The Company has an internal audit function
D.2.6 The issuer should establish a whistleblowing policy and system for employees and those who deal with the issuer to raise concerns, in confidence and anonymity, with the Audit Committee (or any designated committee comprising a majority of INED(s) about possible improprieties in any matter related to the issuer.	No	The Company has adopted a whistleblowing policy and system to allow concerns to be raised in confidence and anonymity.
D.2.7 The issuer should establish policy(ies) and system(s) that promote and support anti-corruption laws and regulations.	No	The Company has adopted an anti-corruption policy and system to promote and support anti-corruption laws and regulations among employees.

CORPORATE GOVERNANCE REPORT

(I) STATEMENT OF COMPLIANCE *(CONTINUED)*

D. AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT *(Continued)*

D.3 Audit Committee

Principle

The Board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the issuer's auditors. The Audit Committee established under the Listing Rules should have clear terms of reference.

Code Provisions	Any deviations?	Governance practice of the Company
D.3.1 Full minutes of Audit Committee meetings should be kept by a duly appointed secretary of the meeting. Draft and final versions of minutes of the meetings should be sent to all committee members for their comment and records, within a reasonable time after the meeting.	No	Minutes of the Audit Committee meetings are kept by the Company Secretary as Secretary of the Audit Committee. Draft and final versions of minutes of Audit Committee meetings are sent to all committee members for their comments and records within a reasonable time.
D.3.2 A former partner of the issuer's existing auditing firm should be prohibited from acting as a member of its Audit Committee for a period of two years from the date of the person ceasing: (a) to be a partner of the firm; or (b) to have any financial interest in the firm, whichever is later.	No	None of the Directors who served on the Audit Committee during the year ended 31 December 2025 were former partners of the external auditor.
D.3.3 The Audit Committee's terms of reference should include at least the prescribed specific duties.	No	The terms of reference of the Audit Committee contain at least the specific duties as prescribed by the CG Code in force during the year ended 31 December 2025. Please refer to section (III)(D)(2) of this Corporate Governance Report for the principal duties of the Audit Committee.

(I) STATEMENT OF COMPLIANCE (CONTINUED)**D. AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT (Continued)***D.3 Audit Committee (Continued)**Principle (Continued)*

Code Provisions	Any deviations?	Governance practice of the Company
D.3.4 The Audit Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the Stock Exchange's website and the issuer's website.	No	The terms of reference of the Audit Committee (including its role and functions) are available on the websites of the Stock Exchange and the Company.
D.3.5 Where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the issuer should include in the Corporate Governance Report a statement from the Audit Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.	No	The Audit Committee recommended to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, BDO Limited be reappointed as the external auditor. The Board endorsed the Audit Committee's recommendation on the re-appointment of the external auditor.
D.3.6 The Audit Committee should be provided with sufficient resources to perform its duties.	No	The Audit Committee is entitled to seek independent professional advice, at the Company's expenses, if it considers necessary in order to perform its duties.
D.3.7 The terms of reference of the Audit Committee should also require it to review arrangements employees of the issuer can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and to act as the key representative body for overseeing the issuer's relations with the external auditor.	No	The terms of reference of the Audit Committee contain at least the specific duties as prescribed by the CG Code in force during the year ended 31 December 2025. Please refer to section (III)(D)(2) of this Corporate Governance Report for the principal duties of the Audit Committee.

CORPORATE GOVERNANCE REPORT

(I) STATEMENT OF COMPLIANCE (CONTINUED)

E. REMUNERATION

E.1 The level and make-up of remuneration and disclosure

Principle

An issuer should have a formal and transparent policy on directors' remuneration and other remuneration related matters. The procedure for setting policy on executive directors' remuneration and all directors' remuneration packages should be formal and transparent. Remuneration levels should be sufficient to attract and retain directors to run the company successfully without paying more than necessary. No director should be involved in deciding that director's own remuneration.

Code Provisions	Any deviations?	Governance practice of the Company
E.1.1 The Remuneration Committee should consult the Chairman and/or chief executive about their remuneration proposals for other executive Directors. The Remuneration Committee should have access to independent professional advice if necessary.	No	The Remuneration Committee members will consult the Chairman when formulating proposals on the remuneration of other executive Directors, if any, prior to their due consideration by the Remuneration Committee. During the year ended 31 December 2025, the Remuneration Committee did not require the service of an independent professional advice.
E.1.2 The terms of reference of the Remuneration Committee should include, as a minimum, the prescribed specific duties.	No	Terms of reference of the Remuneration Committee contain all the specific duties as prescribed by the CG Code. Please refer to section (III)(B)(2) of this Corporate Governance Report for the principal duties of the Remuneration Committee.
E.1.3 The Remuneration Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the Stock Exchange's website and the issuer's website.	No	Terms of reference of the Remuneration Committee (including its role and functions) are available on the websites of the Stock Exchange and the Company.
E.1.4 The Remuneration Committee should be provided with sufficient resources to perform its duties.	No	The Remuneration Committee is entitled to seek independent professional advice, at the Company's expenses, if it considers necessary in order to perform its duties.

(I) STATEMENT OF COMPLIANCE (CONTINUED)**E. REMUNERATION (Continued)**

E.1 The level and make-up of remuneration and disclosure (Continued)
Principle (Continued)

Code Provisions	Any deviations?	Governance practice of the Company
E.1.5 Issuers should disclose the Directors' remuneration policy, details of any remuneration payable to members of senior management by band and other remuneration related matters in their annual reports.	No	Directors' remuneration policy and remuneration paid to members of the senior management has been disclosed by band in this Annual Report. Please refer to section (III)(B)(5) of this Corporate Governance Report for details of remuneration payable to members of the senior management by band.

F. SHAREHOLDERS ENGAGEMENT

F.1 Effective communication
Principle

The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.

Code Provisions	Any deviations?	Governance practice of the Company
F.1.1 The issuer should have a policy on payment of dividends and should disclose it in the annual report.	No	The Company has adopted a dividend policy. A summary of the dividend policy is disclosed in section headed "Dividend Policy" in the Directors' Report.

CORPORATE GOVERNANCE REPORT

(I) STATEMENT OF COMPLIANCE *(CONTINUED)*

F. SHAREHOLDERS ENGAGEMENT *(Continued)*

F.2 Shareholders meetings

Principle

The issuer should ensure that shareholders are given sufficient notice of shareholders meetings and are familiar with the detailed procedures for conducting a poll, and should arrange to address questions from shareholders in the shareholders meetings.

Code Provisions	Any deviations?	Governance practice of the Company
F.2.1 A separate resolution on each substantially separate issue should be proposed by the Chairman of a general meeting to avoid “bundling” resolutions unless they are interdependent and linked and in such case, the reasons and material implications should be explained in the notice of meeting.	No	A separate resolution had been proposed on each substantially separate issue at the annual general meeting of the Company held on 22 May 2025.
F.2.2 The Chairman of the Board should attend the annual general meeting and invite the Chairmen of the Audit, Remuneration, Nomination and any other Committees (as appropriate) to attend and in their absence, invite another member of the committee or failing this, his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting. Management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors’ report, the accounting policies and auditor independence.	No	The Chairman had attended the Company’s annual general meeting held on 22 May 2025. The Chairman and/or other members of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee and the external auditor of the Company were available to answer questions at the general meeting.
F.2.3 The Chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll.	No	Procedures for conducting a poll had been properly explained during the Company’s annual general meeting held on 22 May 2025.

(III) STATE OF INTERNAL CONTROL

(A) Board responsibilities

The Board, in addition to its statutory responsibilities to protect and enhance long-term shareholders' values, is responsible for the overall performance of the Group. It provides effective leadership, sets the Company's values and standards and ensures that the necessary financial and human resources are in place for the Company to achieve its objectives.

(B) Internal controls

The Board recognises that it is responsible for the overall internal controls framework, but accepts that no cost effective internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company does not have a risk management committee. However, the management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews all significant control policies and procedures and highlights all significant matters to the Board and Audit Committee. During the year ended 31 December 2025, an external professional firm was engaged to review the Group's business and operational activities and identify the significant risk areas and to recommend the appropriate measures to mitigate these risks.

The Audit Committee also reviews the effectiveness of the actions taken by the management on the recommendations made by the external professional firm for internal control review and external auditors and ensures that there are follow-up actions on the implementation. The effectiveness of the internal financial control systems and procedures is monitored by the management.

The Company has engaged an external professional firm to review the internal controls and risk management functions of the Group. Internal control weaknesses noted during the internal control review and their recommendations thereof are reported to the Audit Committee including the management's responses. The Audit Committee will review these findings and ensure that the recommendations are implemented.

The Audit Committee is of the view that the external professional firm have adequate resources to perform the internal control review and have, to the best of their ability, maintained their independence from the audit activities. The Audit Committee reviews the adequacy and effectiveness of the internal control review performed annually to ensure that the competency for performing internal control review and that the internal controls are performed effectively.

Based on the internal controls established and maintained by the Group, reviews conducted by the external professional firm, the Board, with the concurrence of the Audit Committee, is of the opinion that the internal controls and risk management system addressing the Group's financial, operational, and compliance risks are sound and effective as at 31 December 2025. The management will continue to focus on improving the standard of internal controls and corporate governance.

The Group's financial risk management is disclosed under Note 38 of the Notes to the Consolidated Financial Statements on pages 128 to 133 of this Annual Report.

CORPORATE GOVERNANCE REPORT

(III) OTHER INFORMATION

In addition to the information disclosed above, set out below is other information required to be disclosed pursuant to the rules on Corporate Governance Report contained in Appendix C1 to the Listing Rules in force during the year ended 31 December 2025.

(A) Board of Directors

- (1) The Board is responsible for the overall performance of the Group. It provides effective leadership, sets the Company's values and standards and ensures that the necessary financial and human resources are in place for the Company to achieve its objectives.

The Group is committed to developing a positive and innovative culture that is built on its purpose, strategy, and values; one that empowers the Group's growth in parallel with sustainable development, allows employees to achieve their full potential, and enables delivery of healthy and long-term success.

The culture of the Group has been developed over time and has been instrumental to supporting the Group's corporate governance efforts and corporate image. Through the implementation of various policies, systems and open dialogue within the workplace, the Group has developed a corporate culture emphasising on lawful, ethical and responsible business conduct which has been reflected in its overall operations and management of the Group.

- (2) The Board delegates management and administration functions to the management as it considers appropriate from time to time, with clear directions as to the management's powers including circumstances where the management shall report back and obtain prior Board approval. There is a formal schedule of matters reserved for the Board's decision, including:
- (a) Mergers and acquisitions;
 - (b) Investments and divestments;
 - (c) Acquisitions and disposals of assets;
 - (d) Major corporate policies on key area of operations;
 - (e) Acceptances of bank facilities;
 - (f) Annual budget;
 - (g) Release of Group's interim and full year results; and
 - (h) Those matters which are likely to have a material impact on the Group's operating units and/or financial position as well as matters other than in the ordinary course of business.
- (3) The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules in force during the year ended 31 December 2025 as its code of conduct regarding securities transactions by its Directors. Each of the Directors has confirmed, following specific enquiry by the Company, that during the year ended 31 December 2025, he has complied with the required standard set out in the Model Code as contained in Appendix C3 of the Listing Rules in force during the said period.

(III) OTHER INFORMATION (CONTINUED)**(A) Board of Directors (Continued)**

- (4) Details of Directors' attendance at the Board, Board Committees and the annual general meeting, held for the year ended 31 December 2025 are set out in the table below:

Meetings of	Board	AC	NC	RC	CGC	Annual General Meeting
Total held in 2025	5	3	1	1	1	1
Attendance Record						
Executive Directors						
Mr. Wang Chunmeng	5	N/A	1	N/A	N/A	1
Mr. Wang Zhihe	5	N/A	N/A	N/A	N/A	1
Mr. Sun Zushan	5	N/A	N/A	1	N/A	1
Mr. Xu Xijiang	5	N/A	N/A	N/A	1	1
Non-executive Director						
Ms. Chen Jimin (Retired on 22 May 2025)	3	N/A	N/A	N/A	N/A	1
Independent Non-executive Directors						
Mr. Ng Sai Leung	5	3	N/A	N/A	1	1
Ms. Lin Xiuxiang	5	3	1	1	1	1
Mr. Liu Jincheng	5	3	1	1	N/A	1

- (5) Mr. Wang Chunmeng is the son of Mr. Wang Zhihe, an executive Director. Save as disclosed, there are no other relationships (including financial, business, family or other relevant relationships) among the Directors.
- (6) During the year ended 31 December 2025, in accordance with the CG Code, the Board has, inter alia:
- considered and adopted the risk management framework and program, policy and manual; and
 - considered and reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report, taking into account the related reports and views of the Board Committees in their respective areas.
- (7) All Directors are committed to participate in continuous professional development programmes to update and enhance their knowledge and skills for performing Directors' roles and responsibilities, and would update the Company on the training received by them.

CORPORATE GOVERNANCE REPORT

(III) OTHER INFORMATION *(CONTINUED)*

(A) Board of Directors *(Continued)*

- (8) New Directors, on appointment, will be given a comprehensive formal induction covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. All Directors are also furnished with continuous updates and briefings on the latest changes or material developments in statutes, the Listing Rules, and corporate governance practices, etc. The updates and briefings covered a broad range of topics including, inter alia, directors' duties, dealing in securities by directors, disclosure obligation of inside information, financial information and general information, and rules and regulations relating to notifiable transactions, connected transactions and corporate governance. During the year ended 31 December 2025, all Directors are provided with monthly updates giving a balanced and understandable assessment of the Group's performance, position, recent developments and prospects, where applicable, in sufficient details to keep the Directors abreast of the Group's affairs in order to perform their duties.
- (9) Pursuant to the CG Code for the year ended 31 December 2025, the Directors had participated in continuous professional development in relation to regulatory update, corporate governance and/or professional skills update by attending seminars or briefing and reading materials.
- (10) To ensure that independent views and input are available to the Board, the following mechanisms have been implemented:
1. The Board requires that each INED provide written confirmations as to the factors affecting their independence as provided under the Listing Rules.
 2. In recruiting INEDs, the Nomination Committee shall assess if the candidate(s) would be independent with reference to the relevant guidelines set out in the Listing Rules and also consider other factors, including but not limited to his/her character, integrity, cross-directorships and significant links with other Directors, time commitment, professional qualifications and relevant work experience.
 3. The Nomination Committee shall review the structure, size and composition of the Board by taking into account of various aspects, including the Company's Board diversity policy (the "Board Diversity Policy") and measurable objectives to achieve Board diversity (if any), on an annual basis.
 4. The Board shall also take into account the lack of involvement of the INED in the daily management of the Company and their relationship or circumstances which would affect the exercise of their independent judgement.
 5. The Chairman meets with the INEDs regularly without the presence of the other Directors.
 6. The Directors may seek advice from external independent professional advisors at the Company's expense to perform their duties.
 7. The Board shall also ensure that further re-appointment of any long-serving INED is subject to a separate resolution to be approved by the Shareholders at the annual general meetings of the Company.
- (11) For information regarding the respective terms of appointment of the non-executive Directors, please refer to the section headed "DIRECTORS' SERVICE CONTRACTS" in the Directors' Report.

(III) OTHER INFORMATION (CONTINUED)**(B) Remuneration Committee**

- (1) The Remuneration Committee, regulated by a set of written terms of reference, comprises the following Directors:

Independent non-executive Directors

Ms. Lin Xiuxiang (*Chairlady*)

Mr. Liu Jincheng

Executive Director

Mr. Sun Zushan

- (2) The principal duties of the Remuneration Committee include the following:
- (a) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
 - (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
 - (c) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management, this should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
 - (d) to make recommendations to the Board on the remuneration of non-executive Directors;
 - (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
 - (f) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
 - (g) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
 - (h) to ensure that no Director or any of his associates is involved in deciding his own remuneration; and
 - (i) to review and/or approve matters relating to shares schemes under Chapter 17 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

(III) OTHER INFORMATION *(CONTINUED)*

(B) Remuneration Committee *(Continued)*

- (3) The executive Directors are entitled to a salary and a performance bonus to be determined at the discretion of the Board.

The annual review of the remuneration packages of all Directors and key management personnel was carried out by the Remuneration Committee to ensure that their remuneration commensurate with their duties and responsibilities, performance, qualifications and experience as well as the Company's performance. For the year ended 31 December 2025, the Remuneration Committee is satisfied with the remuneration packages of the Directors and key management personnel and recommended the same for Board's approval. The Board had approved the Remuneration Committee's recommendation accordingly.

The objective of the remuneration policies is to ensure that the Directors would be provided with the appropriate incentives to encourage enhanced performance and are, in a fair and reasonable manner, rewarded for their individual contributions to the success of the Group.

Each member of the Remuneration Committee had abstained from voting on any resolutions and making recommendations and/or participating in any deliberations of the Remuneration Committee in respect of his remuneration package or fees.

- (4) No Director or any of his associates is involved in deciding his own remuneration.
- (5) The breakdown of each individual Director's remuneration, showing the level and mix for the year ended 31 December 2025, is as follows:

Name of Director	Directors' fees RMB'000	Salaries, allowances and benefit in kind RMB'000	Discretionary bonuses RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Mr. Wang Chunmeng	332	342	-	-	674
Mr. Wang Zhihe	697	3,773	-	-	4,470
Mr. Sun Zushan	332	306	-	-	638
Mr. Xu Xijiang	332	-	-	-	332
Ms. Chen Jimin (Retired on 22 May 2025)	-	-	-	-	-
Mr. Ng Sai Leung	166	-	-	-	166
Ms. Lin Xiuxiang	166	-	-	-	166
Mr. Liu Jincheng	166	150	-	-	316

The emoluments paid or payable to members of senior management under Code Provision E.1.5 of the CG Code were within the following bands:

	2025 No. of individuals
Nil to HK\$1,000,000	1
HK\$1,000,001 to HK\$2,000,000	1

(III) OTHER INFORMATION *(CONTINUED)***(C) Nomination Committee**

- (1) The Nomination Committee is regulated by a set of written terms of reference. The majority of the members are independent non-executive Directors.

The members of the Nomination Committee are as follows:

Executive Director

Mr. Wang Chunmeng *(Chairman)*

Independent non-executive Directors

Ms. Lin Xiuxiang

Mr. Liu Jincheng

- (2) The principal duties of the Nomination Committee include the following:
- (a) to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually, assist the Board in maintaining a board skills matrix and make recommendations on any proposed changes to the board to complement the Company's corporate strategy;
 - (b) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships;
 - (c) to assess the independence of the independent non-executive Directors;
 - (d) to make recommendations to the Board on:
 - (i) the role, responsibilities, capabilities, skills, knowledge, experience and diversity of perspectives required from members of the Board;
 - (ii) the policy on the terms of employment of non-executive Directors;
 - (iii) the composition of the audit committee, remuneration committee, corporate governance committee and other board committees of the Company;
 - (iv) proposed changes to the structure, size and composition of the Board;
 - (v) candidates suitably qualified to become members of the Board;
 - (vi) the selection of individuals nominated for directorship;
 - (vii) the re-election by shareholders of the Company of any Directors who are to retire by rotation having regard to their performance and ability to continue to contribute to the Board;
 - (viii) the continuation (or not) in service of any independent non-executive Director serving more than nine years and to provide recommendation to the shareholders of the Company as to how to vote in the resolution approving the re-election of such independent non-executive Director;
 - (ix) the appointment or re-appointment of Directors;
 - (x) succession planning for Directors in particular the chairman and the chief executive; and
 - (xi) the policy concerning diversity of Board members and the measurable objectives for implementing such policy;

CORPORATE GOVERNANCE REPORT

(III) OTHER INFORMATION *(CONTINUED)*

(C) Nomination Committee *(Continued)*

- (2) The principal duties of the Nomination Committee include the following: *(Continued)*
- (e) to give adequate consideration to the following in the discharge of its duties as mentioned in its terms of reference:
 - (i) planning for orderly succession of appointment of Directors;
 - (ii) leadership needs of the Group with a view of maintaining or fostering the competitive edge of the Group over others;
 - (iii) changes in market environment and commercial needs of the market in which the Group operates;
 - (iv) the balance of the skills, expertise and experience required from members of the Board for the requirement of the Group's business;
 - (v) the impact on the Group arising from any change of composition of the Board;
 - (vi) the balance composition of executive and non-executive Directors (including independent non-executive Directors) to ensure a strong independent element on the Board which can effectively exercise independent judgement;
 - (vii) non-executive Directors should be of sufficient calibre and number for their views to carry weight;
 - (viii) there should be a formal, considered and transparent procedure for the appointment of new Directors;
 - (ix) all Directors should be subject to re-election at regular intervals;
 - (x) the reasons for the resignation or removal of any Director;
 - (xi) the Board's policy concerning diversity of Board members adopted from time to time;
 - (xii) support the Company's regular evaluation of the Board's performance; and
 - (xiii) the relevant requirements of the Listing Rules with regard to directors of a listed issuer;
 - (f) in respect of any proposed service contracts to be entered into by any members of the Group with its director or proposed director, which require the prior approval of the shareholders of the Company at general meeting under rule 13.68 of the Listing Rules, to review and provide recommendations to the shareholders of the Company (other than shareholders who are directors with a material interest in the relevant service contracts and their respective associates) as to whether the terms of the service contracts are fair and reasonable and whether such service contracts are in the interests of the Company and the shareholders as a whole, and to advise shareholders on how to vote;
 - (g) to ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out what is expected of them in terms of time commitment, committee service and involvement outside meetings of the Board;
 - (h) to conduct exit interviews with any Director upon their resignation in order to ascertain the reasons for his departure;
 - (i) to review the Board Diversity Policy and the measurable objectives for implementing such policy from time to time adopted by the Board, and to review the progress on achieving these objectives; and
 - (j) to consider other matters, as defined or assigned by the Board from time to time.

(III) OTHER INFORMATION *(CONTINUED)***(C) Nomination Committee** *(Continued)*

- (3) The Nomination Committee will review the performance of each of the Directors and will recommend to the Board if their term of office would be renewed for a further year. The Remuneration Committee will review and recommend to the Board if there were any changes to their existing remuneration packages.

In accordance with the Company's Articles of Association, each Director is required to retire at least once in every three years by rotation and all newly appointed Directors will have to retire at the next annual general meeting following their appointments. The retiring Directors are eligible to offer themselves for re-election.

Each member of the Nomination Committee shall abstain from voting on any resolutions and/or participating in deliberation in respect of his re-election as Director.

An evaluation of the Board performance is conducted annually by the Nomination Committee to assess the effectiveness of the Board as a whole which examines factors such as Board composition, information flow to the Board, Board procedures, Board accountability, and standards of conduct of the Board members.

For the year ended 31 December 2025, the Nomination Committee had conducted a Board review. The results of the Board review were collated and presented to the Nomination Committee for discussion. The Nomination Committee was generally satisfied with the results of the Board review for the year ended 31 December 2025, which no significant issues were identified. The Nomination Committee had presented the results to Board members.

The Nomination Committee was of the view that given the small Board size, the cohesiveness of the Board members and that the same INEDs sit on the various Board Committees, there would not be any value added in having separate assessments of Board committees.

- (4) The Board has adopted the Board Diversity Policy which aims to set out the approach to achieve diversity on the Board. All Board appointments will be based on merit while taking into account diversity. The Company aims to build and maintain a Board with a diversity of Directors, in terms of skills, professional experience, educational background, knowledge, expertise, culture, independence, age and gender. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board and the business needs of the Company from time to time. The Nomination Committee will regularly review the measurable objectives to ensure its effectiveness to achieve diversity on the Board. At present, the Nomination Committee considered that the Board is sufficiently diverse (including in terms of gender) and the Board has not set any measurable objectives. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness and evaluate the business needs of the Group periodically to consider the need for setting any measurable objectives (if appropriate).

CORPORATE GOVERNANCE REPORT

(III) OTHER INFORMATION *(CONTINUED)*

(C) Nomination Committee *(Continued)*

- (5) The Company has adopted a Director Nomination Policy which sets out the selection criteria and process in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the criteria for evaluating and selecting any proposed candidate for directorship, including but not limited to the following:

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

(III) OTHER INFORMATION *(CONTINUED)***(C) Nomination Committee** *(Continued)*

(5) *(Continued)*

The Director Nomination Policy also sets out the procedures and process for the selection and appointment of new Directors and re-election of Directors at general meetings. During the Reporting Period, the Nomination Committee adhered to the following nomination procedures and the process set out in the Director Nomination Policy to select and recommend candidates for directorship:

- (a) Appointment of new Director
 - (i) Upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, the Nomination Committee should, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
 - (ii) If the process yields one or more desirable candidates, the Nomination Committee should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
 - (iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
 - (iv) For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

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

- (b) Re-election of Director at General Meeting
 - (i) The Nomination Committee should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.
 - (ii) The Nomination Committee should also review and determine whether the retiring Director continues to meet the criteria as set out above.
 - (iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of Director at the general meeting.

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

CORPORATE GOVERNANCE REPORT

(III) OTHER INFORMATION *(CONTINUED)*

(D) Audit Committee

- (1) The Audit Committee, regulated by a set of written terms of reference, comprises three members, all of whom are independent non-executive Directors. The members of the Audit Committee are:

Independent non-executive Directors

Mr. Ng Sai Leung *(Chairman)*

Ms. Lin Xiuxiang

Mr. Liu Jincheng

- (2) The Board is of the view that the members of the Audit Committee are appropriately qualified, having the necessary accounting or related financial management expertise or experience as the Board interprets such qualification to discharge their responsibilities.

The principal functions and duties of the Audit Committee include:

- (a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and other terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) to discuss with the auditors the nature and scope of the audit and reporting obligations and ensure co-ordination where more than one audit firm is engaged before the audit commences;
- (d) to develop and implement policy on engaging an external auditor to supply non-audit services;
- (e) to monitor the integrity of the Company's financial statements and annual report and accounts, interim report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them;

(III) OTHER INFORMATION *(CONTINUED)***(D) Audit Committee** *(Continued)***(2)** *(Continued)*

- (f) to discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary);
- (g) to review the Company's financial controls, and unless expressly addressed by a separate risk committee of the Board, or by the Board itself, to review the Company's risk management and internal control systems;
- (h) to discuss the risk management and internal control system with management to ensure that management has performed its duty to ensure that effective systems are in place;
- (i) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (j) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (k) to review the Group's financial and accounting policies and practices; and
- (l) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response.

The Audit Committee has the explicit powers to conduct or authorise investigation into any of the abovementioned matters.

During the year ended 31 December 2025, three meetings of the Audit Committee were held. The Audit Committee shall meet at least two times a year and when deemed appropriate to carry out its functions as set out under its terms of reference. The Audit Committee has full access to and the co-operation of the management, has full discretion to invite any Directors to attend its meetings, and has reasonable adequate resources to enable it to discharge its functions.

(3) Audit Committee meetings were held in the year ended 31 December 2025 to:

- (a) discuss and review the interim and annual financial statements of the Company before submission to the Board for adoption;
- (b) discuss and review the audit plans and audit reports with the external professional firm for reviewing the internal controls and external auditors;
- (c) discuss and review the adequacy and effectiveness of the internal controls system and internal audit function and made recommendations to the Board for improvement of internal controls and risk management;
- (d) discuss and review the nomination and appointment or re-appointment of external professional firm for reviewing the internal controls and external auditors;
- (e) discuss and review with the external professional firm for reviewing the internal controls and external auditors to discuss the results of their audit findings and their evaluation of the Group's system of accounting and internal controls, set out in their respective reports;

CORPORATE GOVERNANCE REPORT

(III) OTHER INFORMATION *(CONTINUED)*

(D) Audit Committee *(Continued)*

(3) *(Continued)*

- (f) ascertained that both the external professional firm for reviewing the internal controls and external auditors have had the full co-operation of the management in carrying out their work. No non-audit services were rendered by the external auditors in the year ended 31 December 2025;
- (g) keep abreast of accounting standards and discuss and review issues that could potentially impact financial reporting through quarterly updates and advice from the external auditors;

The Audit Committee has recommended to the Board the nomination of BDO Limited, Certified Public Accountants, Hong Kong as auditor at the forthcoming annual general meeting.

The Board concurred with the Audit Committee's recommendation.

(E) Corporate Governance Committee

- (1) To facilitate more effective implementation of corporate governance practices, the Corporate Governance Committee has been established with specific written terms of reference which deal clearly with the committee's authority and duties. The members of the Corporate Governance Committee are as follows:

Independent non-executive Directors

Mr. Ng Sai Leung *(Chairman)*

Ms. Lin Xiuxiang

Executive Director

Mr. Xu Xijiang

- (2) The Corporate Governance Committee is responsible for performing the corporate governance duties, including, inter alia, developing, reviewing and monitoring compliance with the Company's policies and practices on corporate governance to ensure that they accord with the appropriate standards for good corporate governance. The principal functions and duties of the Corporate Governance Committee include the following:
- (a) to develop and review the Group's policies and practices on corporate governance and to make recommendations to the Board;
 - (b) to review and approve the annual corporate governance report and related disclosures in the annual and interim reports of the Group and ensuring compliance with relevant requirements under the Listing Rules or the rules of any other stock exchange in respect of which the securities of the Company are listed or quoted, or other laws, regulations, rules and codes as may be applicable to the Group (the "Applicable Laws");
 - (c) to make sure that appropriate monitoring systems are in place to ensure compliance against the relevant internal controls systems, processes and policies, and in particular to monitor the implementation of the Group's plans to maintain high compliance with its own risk management standards;
 - (d) to monitor each of the Remuneration Committee and Nomination Committee has duly discharged their respective duties and obligations in accordance with their respective terms of reference, the Listing Rules and any Applicable Laws;

(III) OTHER INFORMATION *(CONTINUED)***(E) Corporate Governance Committee** *(Continued)***(2)** *(Continued)*

- (e) to monitor proper segregation of duties between the chairman and the chief executive officer of the Group;
- (f) to develop and formalise the functions reserved to the Board and those to be delegated by the Board to the management of the Group, and to review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group;
- (g) to review and monitor the Group's process of disclosure, including assessing and verifying the accuracy and materiality of price-sensitive information and determine the form and content of any required disclosure;
- (h) to review and monitor the Group's communication policy with its shareholders to ensure a high degree of transparency and that the shareholders are informed of relevant information on a regular basis thus allowing them to evaluate the Group's performance and prospects;
- (i) to review and monitor the Group's policies and practices on compliance with any requirement, direction and regulation that may be prescribed by the Board or contained in any constitutional documents of the Group or imposed by the Listing Rules, the Applicable Laws and other applicable organisational governance standards;
- (j) to review and monitor the training and continuous professional development of Directors and senior management of the Group;
- (k) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors of the Group;
- (l) to review the Group's compliance with the CG Code from time to time adopted by the Group and the disclosure in the corporate governance report to be contained in the Company's annual reports; and
- (m) to review from time to time as appropriate these terms of reference and the effectiveness of the Committee and recommend to the Board any necessary changes.

- (3) During the year ended 31 December 2025, the Corporate Governance Committee reviewed the policies and practices on corporate governance of the Company, the training and continuous professional development of the Directors, and the Company's compliance with legal and regulatory requirements, the CG Code and disclosure in this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

(III) OTHER INFORMATION *(CONTINUED)*

(F) Directors' and Auditors' Responsibility for the Consolidated Financial Statements

The management provides such explanation and information to the Board and reports regularly to the Board on financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group. The Company's consolidated financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies have been adopted and applied consistently, and that judgments and estimates made are prudent and reasonable. Having made appropriate enquiries, the Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the consolidated financial statements.

The responsibilities of external auditors of the Company are disclosed in the Independent Auditor's Report.

(G) Auditor's Remuneration

The auditor of the Company, BDO Limited, have affirmed their independence in this respect. The remuneration paid/payable to the auditor for audit services and non-audit services are RMB1,240,000 and RMB570,000 respectively.

(H) Shareholders' Rights

At the annual general meetings, the shareholders will be given an opportunity to voice their views and seek clarification from the Directors and members of the senior management.

To safeguard the shareholders' interests and rights, separate resolutions will be proposed at shareholders' meetings on each substantial issue, including the re-election of the retiring Directors.

All votes of the shareholders at the shareholders' meeting will be taken by poll. Poll results will be posted on the websites of the Company and the Stock Exchange after the meeting.

Procedures for shareholders to convene an extraordinary general meeting and putting forward proposals at general meetings

In accordance with the Company's Articles of Association, one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

(III) OTHER INFORMATION (CONTINUED)**(H) Shareholders' Rights (Continued)***Procedures for raising enquiries*

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong.

Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

(I) Changes in Constitutional Documents

The Group had not changed its constitutional documents during the year ended 31 December 2025.

(J) Risk Management and Internal Control

The Board is overall responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group established and maintained appropriate and effective risk management and internal control systems. The Company has procedures and internal controls for the handling and dissemination of inside information: when employees of the Group become aware of any information that may be regarded as potential inside information, they would keep such matters confidential and report to the designated personnel of the Company, who would then consider whether it is necessary to pass such information to the Board for the purpose of considering and deciding whether such information constitutes inside information and whether disclosure by way of an announcement is required.

The Audit Committee reviews the risk management and internal controls that are significant to the Group on an on-going basis. The Audit Committee would consider the adequacy of resource, qualifications and experience and training of staff and external advisor and budget of the Group's accounting, internal audit and financial reporting function as well as those relating to the Company's ESG performance and reporting.

The management of the Group is responsible for designing, maintaining, implementing and monitoring of the risk management and internal control system to ensure adequate control in place to safeguard the Group's assets and stakeholder's interest.

The Group has established risk management procedures to address and handle all the significant risks associate with the business of the Group. The Board would perform annual review on any significant change of the business environment and establish procedures to response the risks result from significant change of business environment. The risk management and internal control systems are designed to mitigate the potential losses of the business.

CORPORATE GOVERNANCE REPORT

(III) OTHER INFORMATION *(CONTINUED)*

(J) Risk Management and Internal Control *(Continued)*

The management would identify the risks associated with the business of the Group by considering both internal and external factors and events which include political, economic, technological, environmental, social and human resources aspects. Each of the risks has been assessed and prioritised based on their relevant impact and probability of occurrence. The relevant risk management strategy would be applied to each type of risks according to the assessment results, type of risk management strategy has been listed as follow:

- Risk retention and reduction: accept the impact of risk or undertake actions by the Group to reduce the impact of the risks;
- Risk avoidance: change business process or objective so as to avoid the risk;
- Risk sharing and diversification: diversify the effect of the risk or allocate to different location or product or market;
- Risk transfer: transfer ownership and liability to a third party.

The internal control systems are designed and implemented to reduce the risks associated with the business accepted by the Group and minimise the adverse impact results from the risks. The risk management and internal control system are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the year ended 31 December 2025, the Group has engaged an external professional firm to perform the internal control review to ensure the effectiveness and efficiency of the risk management and internal control system of the Group for the year. There is no significant deficiency and weakness on the internal control system identified by the external professional firm for the year ended 31 December 2025.

The Board considered that, for the year ended 31 December 2025, the risk management and internal control system and procedures of the Group, covering all material controls including financial, operational and compliance controls and risk management functions were reasonably effective and adequate.

(K) Deed of Non-competition

In respect of the compliance with the provisions of the Deed of Non-competition by the Covenantors, please refer to the section headed "Deed of Non-competition" in the Directors' Report.

(L) Investor Relations

The Company has an internal investor relations function which focuses on facilitating communications with shareholders and analysts on a regular basis, attending to their queries or concerns and keeping them apprised of the Group's corporate developments and financial performance. During such interactions, the Company solicits and understands the views of shareholders and the investment community.

(III) OTHER INFORMATION (CONTINUED)**(L) Investor Relations (Continued)**

The Company enhances investor relations and communications through various channels. Information of the Company shall be communicated to the shareholders of the Company and the community mainly through the Company's financial reports, annual general meetings and other meetings that may be convened, during which the Chairman and other Directors will attend and respond to queries from the Shareholders. External auditors would also attend the annual general meetings and answer any questions if necessary. The Board has reviewed the implementation of the shareholders' communications policy and is satisfied that it has been effective for the Board to understand the views and opinion of the shareholders based on the engagement received through the available channels.

Shareholders are encouraged to attend the annual general meetings of the Company. Notice of the annual general meetings and related papers shall be sent to Shareholders in accordance with the requirements of the Articles of Association and the Listing Rules and such documents shall be also made available on the Company's website and the Stock Exchange's website.

(M) Gender ratio of the workforce

Set forth below is the gender ratio in the Group's workforce as at 31 December 2025:

	Male	Female
Workforce (including senior management)	77%	23%

Given the industrial nature of the Group's business, the majority of the workforce of the Group consists of male employees. Accordingly, gender diversity for the Group is perceived to be less relevant due to the nature of work, and no targets have been set for achieving gender diversity among the workforce. Nevertheless, the Group has a career development program to aid in providing equal opportunity in recruitment, career development, promotion, reward and training to all employees. Further, the Group endeavours to increase diversity at the senior management level and also offers opportunities to potential candidates of different backgrounds, expertise and experience in the workforce.

The management of the Group may also, based on the Group's business needs, future development plans and needs of the different departments to determine whether recruitment of staff shall target specific groups.

DIRECTORS' REPORT

The Directors present their report and audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 26 July 2013 under the Companies Law of the Cayman Islands. The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 34 to the consolidated financial statements.

There was no significant change in the nature of the principal activities of the Group during the year ended 31 December 2025.

SHARE CAPITAL

As of 31 December 2025, the total issued share capital of the Company was approximately US\$62,094, divided into 620,944,000 ordinary shares of nominal value of US\$0.0001 each. Details of movements during the year ended 31 December 2025 in the share capital of the Company are set out in note 31 to the consolidated financial statements. The Company has not issued any Shares during the year ended 31 December 2025.

DEBENTURES IN ISSUE

The Company did not have any debentures in issue for the year ended 31 December 2025.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2025 is set out in the "Financial Highlights", "Chairman's Statement" and "Management Discussion and Analysis" on page 5, pages 6 to 8 and pages 9 to 14 respectively of this Annual Report. The financial risk management of the Group are set out in note 38 to the consolidated financial statements. In addition, an analysis of the Group's performance during the year ended 31 December 2025 using key financial performance indicators is set out in the "Financial Highlights" of this Annual Report. Descriptions of important events affecting the Company after 31 December 2025 and the likely future development of the Group's business is set out in "Management Discussion and Analysis" on pages 9 to 14 of this Annual Report.

PRINCIPAL RISKS AND UNCERTAINTIES

The total revenue of the Group is mainly generated from the sales of urea products and therefore profit margin and profitability are highly affected by average selling price of urea products and procurement costs of coal. The price of coal may fluctuate significantly as a result of numerous factors and uncertainties. In addition to the general economic conditions in the PRC and the fluctuations in coal prices in the international markets, the PRC Government also influences the coal prices in PRC through various policies.

It is the reason that the Group started broadening the product range of the Group aiming to diversify the risk of over reliance on any single product, and continuously enhancing production efficiency in order to minimise production cost per unit.

ENVIRONMENTAL POLICIES

The Group is committed to environmental protection and values corporate social responsibilities. The Group continues to update internal policies and programs for environmental risk prevention to ensure compliance with requirements of applicable national, industrial and local standards, laws, regulations and policies. The Group also continues to implement environmental protection, energy saving and emission reduction projects to improve environmental management, setting a solid foundation for better future development. Further details of the Group's environmental policies and performance are set out in the Environmental, Social and Governance Report of which is available on the websites of the Company and the Stock Exchange.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 31 December 2025.

ACCOUNT OF THE GROUP'S KEY RELATIONSHIPS

(i) Employees

The Group offers a comprehensive range of staff facilities and fringe benefits to attract, retain and motivate employees. Key personnel have been part of the management team since the inception of business. During the year ended 31 December 2025, the Group considered the relationship with employees was well and the turnover rate was acceptable.

(ii) Suppliers

The Group's suppliers mainly include raw material suppliers. During the year ended 31 December 2025, the Group considered the relationship with its suppliers was well and stable.

(iii) Customers

The Group sells products directly to customers. The Group maintains a good relationship with all the customers.

RESULTS AND APPROPRIATION

The financial performance of the Group for the year ended 31 December 2025 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 82 to 83.

DIRECTORS' REPORT

DIVIDEND POLICY

The Company has adopted a Dividend Policy on payment of dividends. It is the policy of the Board, in considering the payment of dividends, to strike a balance between maintaining sufficient capital to grow the Group's business and rewarding the shareholders of the Company.

The Board shall consider the following factors before declaring or recommending dividends:

- the Company's results of operations and financial conditions;
- the Company's cash flow, working capital requirements, capital expenditure requirements and future expansion plans;
- retained earnings and distributable reserves of the Company and each of the members of the Group;
- the Group's liquidity position;
- general economic conditions, future prospects of the Group and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems relevant.

The payment of dividend is also subject to compliance with applicable laws and regulations including the laws of Cayman Islands and the Company's articles of association. The Board will continually review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK4.0 cents per ordinary share, absorbing a total amount of approximately HK\$24.8 million in respect of the year ended 31 December 2025 (2024: HK3.6 cents), which is subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 22 May 2026, the proposed final dividend is expected to be paid on Friday, 12 June 2026 to all shareholders whose names to be appeared on the register of members of the Company on Tuesday, 2 June 2026.

None of the shareholders of the Company entered into any arrangement to waive or agree to waive any dividend.

PROPERTY, PLANT AND EQUIPMENT

Details of the movement in property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

INTEREST-BEARING BANK BORROWINGS

The Group had no interest-bearing bank borrowings as at 31 December 2025.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

The Company is not aware of any tax relief or exemption available to the shareholders of the Company by reason of their holding of the Shares during the year ended 31 December 2025.

CHARITABLE CONTRIBUTIONS

During the year ended 31 December 2025, the Group made charitable contributions amounted to approximately RMB200,000.

RESERVES

Movements in the reserves of the Group and the Company during the year ended 31 December 2025 are set out in the Consolidated Statement of Changes in Equity on page 84 of this Annual Report and note 32 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the provision of laws of Cayman Islands, amounted to approximately RMB457 million (2024: approximately RMB476 million).

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

During the year ended 31 December 2025, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any).

EQUITY-LINKED AGREEMENT

Save as disclosed under the paragraph headed "Share Option Scheme" in this Director's Report, the Company did not enter into any other equity-linked agreement, nor did any other equity-linked agreement exist during the year ended 31 December 2025.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 20 June 2017. The purpose of the Share Option Scheme is to provide incentives or rewards to selected participants who contribute to the success of the Group's operations. All directors, employees, suppliers of goods or services, customers, persons or entities that provide research, development or other technological support to the Group, shareholders of any member of the Group, advisers or consultants of the Group and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group are eligible to participate in the Share Option Scheme.

The Share Option Scheme will remain in force for a period of 10 years commencing on its adoption date, with a remaining life of approximately 1 year.

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 10% of the Shares in issue on the date of listing of the shares of the Company on the Main Board of the Stock Exchange (the "General Scheme Limit"). As at 1 January 2025 and 31 December 2025, the number of share options available for grant under the Share Option Scheme was 62,000,000. As at the date of this Directors' Report, the total number of Shares available for issue under the Share Option Scheme was 62,000,000 Shares, representing approximately 9.98% of the issued share capital of the Company (excluding treasury shares, if any). The Company may renew the General Scheme Limit with shareholders' approval provided that each such renewal may not exceed 10% of the Shares in issue as at the date of the shareholders' approval.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the Shares in issue from time to time.

Unless approved by the shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

DIRECTORS' REPORT

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option, subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

The subscription price for the Shares under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of: (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share.

No share options have been granted, exercised, cancelled by the Company, or lapsed under the Scheme since its adoption and up to 31 December 2025.

MAJOR CUSTOMERS AND SUPPLIERS

In the year ended 31 December 2025, sales to the Group's five largest customers accounted for approximately 23% of the total sales for the year.

In the year ended 31 December 2025, purchases from the Group's five largest suppliers accounted for approximately 22% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 10%. None of the Directors or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) (excluding treasury shares, if any) had any interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors of the Company during the year end 31 December 2025 and up to the date of this Directors' Report are as follows:

Executive Directors:

Mr. Wang Chunmeng (*Chairman*)

Mr. Wang Zhihe

Mr. Sun Zushan

Mr. Xu Xijiang

Non-executive Director:

Ms. Chen Jimin (*Retired on 22 May 2025*)

Independent non-executive Directors:

Mr. Ng Sai Leung

Ms. Lin Xiuxiang

Mr. Liu Jincheng

By virtue of Articles 105(A) and 105(B) of the Articles of Association of the Company, Mr. Sun Zushan, Ms. Lin Xiuxiang and Mr. Liu Jincheng will retire as Directors at the forthcoming annual general meeting, and each of them, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from each of its independent non-executive Directors and considers Mr. Ng Sai Leung, Ms. Lin Xiuxiang and Mr. Liu Jincheng to be independent under Rule 3.13 of the Listing Rules.

Biographical details of the Directors and the senior management of the Group are set out on pages 15 to 19 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

Executive Directors

Each of Mr. Wang Zhihe, Mr. Sun Zushan and Mr. Xu Xijiang has entered into a service contract with the Company pursuant to which they agreed to act as executive Directors for an initial term of three years with effect from 20 June 2017 which may be terminated by either party by giving not less than three months' written notice. Each of them have also entered into a supplemental service contract with the Company on 25 January 2019. Mr. Wang Chunmeng entered into a service agreement with the Company pursuant to which he agreed to act as an executive Director for an initial term of three years commencing from 3 July 2023 which may be terminated by either party with not less than three months' written notice. The term of the aforementioned service contracts shall be renewed and extended automatically for successive terms of one year upon expiry of the then current term until terminated by either party by giving not less than three months' written notice to the other.

During the term of the service contract, each of these executive Directors is entitled to their respective basic salary (subject to an annual adjustment at the discretion of the Directors).

In addition, during the term of the service contract, each of the executive Directors is also entitled to a discretionary management bonus in such sum as the Board may in its absolute discretion determine provided that the aggregate amount of bonuses payable to all the executive Directors for any financial year of the Company shall not exceed 10% of the audited consolidated or combined net profit attributable to the shareholders of the Company (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of the Company. An executive Director may not vote on any resolution of the Directors regarding the amount of management bonus payable to him.

Non-executive Director

Prior to her resignation on 22 May 2025, the non-executive Director was appointed for an initial term of three years commencing from 6 April 2018 which may be terminated by either party by giving not less than three months' written notice. The term of appointment shall be renewed and extended automatically for successive terms of two years upon expiry of the then current term until terminated by either party giving not less than three months' written notice to the other. The appointment was subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors. The non-executive Director did not receive any directors' fee nor was she entitled to any other emoluments for her appointment as non-executive Director during her tenure.

DIRECTORS' REPORT

Independent non-executive Directors

Each of the independent non-executive Directors has been appointed for an initial term of three years commencing from 20 June 2017 which may be terminated by either party by giving not less than three months' written notice. The term of appointment shall be renewed and extended automatically for successive terms of two years upon expiry of the then current term until terminated by either party giving not less than three months' written notice to the other. The appointments are subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors. Each of the independent non-executive Directors is entitled to a director's fee of HK\$180,000 per annum during the term of the appointment. Save for directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

None of the Directors proposed for re-election at the forthcoming annual general meeting has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as those disclosed in the sections headed "Directors' Service Contracts" above and "Related Party Transactions" below, and note 36 to the consolidated financial statements, no transactions, arrangements and contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or his connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2025 or at any time during the year ended 31 December 2025.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Directors' Service Contract" and note 36 to the consolidated financial statements, no controlling shareholder of the Company or any of its subsidiaries has any contract of significance (including contract of significance for the provision of services) with the Company or its subsidiaries during the year ended 31 December 2025.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Scheme", during and at the end of the year ended 31 December 2025, neither the Company nor any of its subsidiaries, holding company or fellow subsidiaries was a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate and none of the Directors, their spouses or children under the age of 18, had any rights to subscribe for securities of the Company, or had exercised any such rights during the year ended 31 December 2025.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2025, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix C3 to the Listing Rules, were as follows:

Name of Director	The company in which the interest is held	Capacity/nature of interest	Number of shares involved <i>(Note 1)</i>	Approximate percentage* of shareholding
Mr. Wang Zhihe	The Company	Interest of controlled corporation	460,000,000 Shares (L) <i>(Note 2)</i>	74.08%

* The percentage represents the number of shares involved divided by the number of the Company's issued shares as at 31 December 2025.

Notes:

- The letter "L" denotes the Director's long position in the shares of the Company.
- Among these 460,000,000 Shares, 279,680,000 Shares are held by Sino-Coal Holding (which is owned as to approximately 33.059% by Timely Moon Limited ("Timely Moon"); and 180,320,000 Shares are held by Bloom Ocean (which is owned as to approximately 44.27% by Timely Moon). Timely Moon is wholly owned by Mr. Wang Zhihe. By virtue of the SFO, each of Timely Moon and Mr. Wang Zhihe is taken to be interested in the Shares held by each of Sino-Coal Holding and Bloom Ocean.

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executive of the Company had any interests and short positions in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS UNDER THE SFO

As at 31 December 2025, so far as is known to the Directors, the following corporations or persons (other than a Director or the chief executive of the Company) had an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholders	Capacity/ nature of interest	Number of shares involved (Note 1)	Approximate percentage* of shareholding
Timely Moon	Interest of controlled corporation	460,000,000 Shares (L) (Note 2)	74.08%
Ms. Sun Yukun	Interest of spouse	460,000,000 Shares (L) (Note 3)	74.08%
Sino-Coal Holding	Beneficial owner	279,680,000 Shares (L)	45.04%
Bloom Ocean	Beneficial owner	180,320,000 Shares (L)	29.04%
Plenty Sun Limited ("Plenty Sun")	Interest of controlled corporation	180,320,000 Shares (L) (Note 4)	29.04%
Mr. Sun Yi	Interest of controlled corporation	180,320,000 Shares (L) (Note 4)	29.04%
Ms. Yao Juan	Interest of spouse	180,320,000 Shares (L) (Note 5)	29.04%
Guofu (Hong Kong) Holdings Limited	Beneficial owner	31,132,000 Shares (L) (Note 6)	5.01%
Hebei Guofu Agricultural Investment Group Co., Ltd** (河北省國富農業投資集團有限公司)	Interest of controlled corporation	31,132,000 Shares (L) (Note 6 & 7)	5.01%

* The percentage represents the number of shares involved divided by the number of the Company's issued shares as at 31 December 2025.

** Denotes English translation of the name of a Chinese company, and is provided for identification purposes only.

Notes:

- The letter "L" denotes the shareholder's long position in the Shares.
- Among these 460,000,000 Shares, 279,680,000 Shares are held by Sino-Coal Holding (which is owned as to approximately 33.059% by Timely Moon); and 180,320,000 Shares are held by Bloom Ocean (which is owned as to approximately 44.27% by Timely Moon). Timely Moon is wholly owned by Mr. Wang Zhihe. By virtue of the SFO, each of Timely Moon and Mr. Wang Zhihe is taken to be interested in the Shares held by each of Sino-Coal Holding and Bloom Ocean.
- Ms. Sun Yukun is the spouse of Mr. Wang Zhihe. Under the SFO, Ms. Sun Yukun is taken to be interested in the same number of Shares in which Mr. Wang Zhihe is interested.

4. These 180,320,000 Shares are held by Bloom Ocean (which is owned as to approximately 44.01% by Plenty Sun). Plenty Sun is wholly owned by Mr. Sun Yi. By virtue of the SFO, each of Plenty Sun and Mr. Sun Yi is taken to be interested in the Shares held by Bloom Ocean.
5. Ms. Yao Juan is the spouse of Mr. Sun Yi. Under the SFO, Ms. Yao Juan is taken to be interested in the same number of Shares in which Mr. Sun Yi is interested.
6. The information disclosed is based on the disclosure of interests forms submitted by these substantial shareholders respectively.
7. Hebei Guofu Agricultural Investment Group Co., Ltd** (河北省國富農業投資集團有限公司) is deemed to be interested in these Shares through its controlled corporation, namely, Guofu (Hong Kong) Holdings Limited.

Save as disclosed above, other than the Directors and the chief executives of the Company whose interests are set out in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation" above, no person had interest or short position in the Shares or underlying Shares which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 20 to 63 of this Annual Report.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group are set out in note 36 to the consolidated financial statements. None of the related party transactions disclosed in note 36 to the consolidated financial statements constitute connected transaction or continuing connected transaction (as defined in Chapter 14A of the Listing Rules) of the Company for the year ended 31 December 2025. Accordingly, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 December 2025, none of the Directors are considered to have interests in a business that competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

DIRECTORS' REPORT

DEED OF NON-COMPETITION

The Company has received the written confirmation from each of Bloom Ocean, Sino-Coal Holding, Fair Noble Limited, Fair Tycoon Limited, Power Moon Limited, Decent Magic Limited, Wide Axis Limited, Elite Captain Limited, Honest Nature Limited, Timely Moon, Plenty Sun, Mr. Wang Zhihe, Mr. Sun Yi, Mr. Sun Zushan, Mr. Xu Xijiang, Mr. Song Jianning, Mr. Liu Yingdong, Mr. Li Hongliang, Ms. Li Guie, Mr. Guo Jianming and Mr. Yip Kean Mun (the "Covenantors") in respect of the compliance with the provisions of the deed of non-competition (the "Deed of Non-competition"), entered into between the Covenantors and the Company as set out in the section headed "Relationship with our Controlling Shareholders – Deed of Non-competition" of the Prospectus, for the year ended 31 December 2025. Each of the Covenantors has confirmed and declared that, for the year ended 31 December 2025, he/she/it had strictly complied with the Deed of Non-competition without any breach thereof. All the independent non-executive Directors had reviewed the matters relating to the enforcement of the Deed of Non-competition and consider that the terms of the Deed of Non-competition have been complied with by each of the Covenantors during the year ended 31 December 2025.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company and which were not a contract of service with a Director or any person not engaged in the full-time employment of the Company were entered into or existed during the year ended 31 December 2025 or subsisted during the year ended 31 December 2025.

RETIREMENT BENEFIT PLAN

The Group participates in a defined contribution retirement benefit plan organised by the PRC government authorities for the Group's eligible employees in the PRC. Further details of this defined contribution scheme are set out in note 4(m) to the consolidated financial statements.

CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS

Below is the information relating to the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

- Mr. Ng Sai Leung resigned as an independent non-executive director of Yunhong Guixin Group Holdings Limited with effect from 11 January 2026.

Save as disclosed above, the Company is not aware of any changes in the Directors' information during the year ended 31 December 2025 and up to the date of this report which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

PERMITTED INDEMNITY PROVISION

Under the Articles of Association of the Company, the Company had a permitted indemnity provision (as defined in section 469 of the Companies Ordinance) in force for the benefit of the Directors since the date of listing of the shares of the Company on the Main Board of the Stock Exchange and as at the date of approval of this Directors' Report, pursuant to which the Company shall indemnify any Director against any liability, loss suffered and expenses incurred by the Director in connection with any legal proceedings in which he/she is involved by reason of being a Director, except in any case where the matter in respect of which indemnification is sought was caused by the fraud or dishonesty of the Directors. The Company has maintained insurance cover for Directors' and officers' liabilities in respect of legal actions against the Directors arising out of corporate activities. The insurance coverage is reviewed on an annual basis. During the year ended 31 December 2025, no claims were made against the Directors.

SUFFICIENCY OF PUBLIC FLOAT

As far as the information publicly available to the Company is concerned and within the knowledge of the Directors, at least 25% of the Company's issued share capital were held by members of the public as required under the Listing Rules as at the latest practicable date prior to the publication this Directors' Report.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 19 May 2026 to Friday, 22 May 2026 (both days inclusive) for the purpose of determining the right to attend and vote at the 2026 AGM. In order to be qualified for attending and voting at the 2026 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 18 May 2026.

Conditional on the passing of the resolution approving the declaration of the Proposed Final Dividend at the 2026 AGM, the register of members of the Company will also be closed from Friday, 29 May 2026 to Tuesday, 2 June 2026 (both days inclusive) for the purpose of determining the entitlement to the Proposed Final Dividend. In order to be qualified for the Proposed Final Dividend (subject to the approval of the shareholders at the 2026 AGM), all share transfer documents accompanied by the corresponding share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at the address stated above for registration not later than 4:30 p.m. on Thursday, 28 May 2026.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Details of significant events to cause material impact on the Group from the end of the year ended 31 December 2025 to the date of this Directors' Report are set out in note 41 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years are set out on page 136 of this Annual Report.

DIRECTORS' REPORT

AUDIT COMMITTEE

The Audit Committee has discussed with the management of the Group and reviewed this Annual Report and the audited annual financial results of the Group for the year ended 31 December 2025, including the accounting principles and practices adopted by the Group, and discussed financial related matters.

AUDITORS

A resolution will be submitted to the forthcoming annual general meeting to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board

Wang Chunmeng

Executive Director and Chairman

Sun Zushan

Executive Director

23 March 2026

INDEPENDENT AUDITOR'S REPORT



Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

TO THE SHAREHOLDERS OF DONGGUANG CHEMICAL LIMITED

(東光化工有限公司)

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Dongguang Chemical Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 81 to 135, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IFRS Accounting Standards**”) 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 International Standards on Auditing (“**ISAs**”). 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)*

Revenue recognition

Refer to note 6 in the Group's consolidated financial statements.

We identified revenue recognition as a key audit matter due to the significance of the amount of revenue to the consolidated statement of profit or loss and other comprehensive income and assessed as a presumed risk of material misstatement due to fraud. Revenue from manufacturing and selling urea and other chemical products amounted to RMB2,383,719,000 (2024: RMB2,575,397,000).

How our audit addressed the Key Audit Matter

Our procedures in relation to the revenue recognition included:

- understanding the revenue and business process of the Group;
- assessing the appropriateness of the Group's revenue recognition accounting policy in line with IFRS Accounting Standards;
- evaluating the design and testing the operating effectiveness of key controls on the recognition of revenue on a sample basis;
- checking recognised revenue in sales ledger to sales register and delivery records on a sample basis to ensure existence of the recognised revenue and were recognised in compliance with the Group's revenue recognition accounting policy; and
- evaluating appropriateness of revenue cut-off on a sample basis and checked to the cut-off adjustment proposed by the Group.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

BDO Limited

Certified Public Accountants

Ho Yee Man

Practising Certificate Number: P07395

Hong Kong, 23 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 RMB'000	2024 RMB'000
Revenue	6	2,383,719	2,575,397
Cost of sales		(2,183,891)	(2,403,350)
Gross profit		199,828	172,047
Other income	6	30,895	36,333
Other gains and losses, net	7	20,478	(813)
Administrative expenses		(60,777)	(77,584)
Distribution expenses		(7,980)	(4,969)
Finance costs	9	(1,923)	(1,989)
Profit before income tax	10	180,521	123,025
Income tax expenses	11	(39,444)	(36,612)
Profit for the year		141,077	86,413
Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operation		(2,888)	6,552
Total comprehensive income for the year attributable to owners of the Company		138,189	92,965
Profit attributable to:			
– Owners of the Company		140,023	84,605
– Non-controlling interest		1,054	1,808
		141,077	86,413
Total comprehensive income attributable to:			
– Owners of the Company		137,135	91,157
– Non-controlling interest		1,054	1,808
		138,189	92,965
		RMB cents	RMB cents
Earnings per share for profit attributable to the owners of the Company			
– Basic and diluted	14	22.6	13.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	15	1,044,529	843,445
Investment property	16	5,986	6,571
Right-of-use assets	17	150,200	148,868
Unlisted equity investment at fair value through other comprehensive income	18	40	40
Prepayments for equipment	22	22,050	35,043
Deferred tax assets	19	5,571	1,766
Total non-current assets		1,228,376	1,035,733
Current assets			
Inventories	20	97,696	85,869
Trade and bills receivables	21	20,752	5,636
Prepayments, deposits and other receivables	22	186,708	179,936
Income tax receivables		–	8,615
Restricted cash	25	101,107	–
Cash and bank balances	24	577,675	702,097
		983,938	982,153
Assets classified as held for sale	26	5,126	5,126
Total current assets		989,064	987,279
Current liabilities			
Trade and notes payables	27	97,257	32,738
Deferred revenue	28	1,937	1,947
Contract liabilities	29	63,881	55,911
Other payables and accruals	30	65,335	82,845
Income tax payables		3,341	–
Financial liabilities at fair value through profit or loss	23	1,193	1,077
Lease liabilities	17	81	88
Amount due to a non-controlling shareholder of a subsidiary	36(b)	40	40
Total current liabilities		233,065	174,646
Net current assets		755,999	812,633

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Lease liabilities	17	28,090	28,051
Deferred revenue	28	22,338	9,275
Deferred tax liabilities	19	5	9
Total non-current liabilities		50,433	37,335
Net assets		1,933,942	1,811,031
Capital and reserves attributable to owners of the Company			
Share capital	31	392	392
Reserves		1,920,398	1,804,081
Equity attributable to owners of the Company		1,920,790	1,804,473
Non-controlling interests		13,152	6,558
Total equity		1,933,942	1,811,031

On behalf of directors

WANG Chunmeng 王春萌

SUN Zushan 孫祖善

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital RMB'000	Share premium RMB'000 (note 32(b))	Specific reserve RMB'000 (note 32(e))	Merger reserve RMB'000 (note 32(c))	Statutory reserve RMB'000 (note 32(a))	Foreign currency translation reserve RMB'000 (note 32(d))	Retained earnings RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000 (note 35)	Total equity RMB'000
At 1 January 2024	392	738,848	66,180	(559,842)	129,852	(8,064)	1,391,132	1,758,498	8,670	1,767,168
Profit for the year	-	-	-	-	-	-	84,605	84,605	1,808	86,413
Other comprehensive income										
- Exchange difference arising on translation of foreign operations	-	-	-	-	-	6,552	-	6,552	-	6,552
Total comprehensive income	-	-	-	-	-	6,552	84,605	91,157	1,808	92,965
Appropriation of reserve	-	-	10,432	-	11,053	-	(21,485)	-	-	-
Dividend approved and paid in respect of the previous year	-	-	-	-	-	-	(45,182)	(45,182)	-	(45,182)
Payment of dividend to a subsidiary's non-controlling interests	-	-	-	-	-	-	-	-	(3,920)	(3,920)
Utilisation of specific reserve for the year	-	-	(12,605)	-	-	-	12,605	-	-	-
At 31 December 2024	392	738,848	64,007	(559,842)	140,905	(1,512)	1,421,675	1,804,473	6,558	1,811,031

	Share capital RMB'000	Share premium RMB'000 (note 32(b))	Specific reserve RMB'000 (note 32(e))	Merger reserve RMB'000 (note 32(c))	Statutory reserve RMB'000 (note 32(a))	Foreign currency translation reserve RMB'000 (note 32(d))	Retained earnings RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000 (note 35)	Total equity RMB'000
At 1 January 2025	392	738,848	64,007	(559,842)	140,905	(1,512)	1,421,675	1,804,473	6,558	1,811,031
Profit for the year	-	-	-	-	-	-	140,023	140,023	1,054	141,077
Other comprehensive income										
- Exchange difference arising on translation of foreign operations	-	-	-	-	-	(2,888)	-	(2,888)	-	(2,888)
Total comprehensive income	-	-	-	-	-	(2,888)	140,023	137,135	1,054	138,189
Additions of non-wholly owned subsidiaries	-	-	-	-	-	-	-	-	5,540	5,540
Appropriation of reserve	-	-	9,828	-	6,955	-	(16,783)	-	-	-
Dividend approved and paid in respect of the previous year	-	-	-	-	-	-	(20,818)	(20,818)	-	(20,818)
Utilisation of specific reserve for the year	-	-	(6,921)	-	-	-	6,921	-	-	-
At 31 December 2025	392	738,848	66,914	(559,842)	147,860	(4,400)	1,531,018	1,920,790	13,152	1,933,942

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 RMB'000	2024 RMB'000
Cash flows from operating activities		
Profit before income tax	180,521	123,025
Adjustments for:		
Amortisation of right-of-use assets	3,547	3,698
Depreciation of investment property	585	584
Depreciation of property, plant and equipment	138,189	131,376
Loss/(gain) on disposal of property, plant and equipment	35	(59)
Gain on financial assets at fair value through profit or loss	(21,391)	(1,680)
Fair value loss on financial liabilities at fair value through profit or loss	299	549
Impairment loss on other receivables	-	24,632
Write-off of trade payables	(64)	(18,985)
Interest income	(7,162)	(13,225)
Interest expense	1,923	1,989
Operating profit before working capital changes	296,482	251,904
(Increase)/decrease in inventories	(11,827)	28,905
Increase in prepayments, deposits and other receivables	(4,272)	(10,622)
Increase in trade and bills receivables	(15,116)	(1,506)
Increase/(decrease) in trade and notes payables	64,583	(25,366)
Increase/(decrease) in contract liabilities	7,970	(49,058)
Increase in deferred revenue	13,053	8,052
Decrease in other payables and accruals	(17,510)	(2,084)
Payments for acquisition of financial assets at fair value through profit or loss	(2,599)	(1,866)
Proceeds from disposals of financial assets at fair value through profit or loss	23,807	4,105
Cash generated from operations	354,571	202,464
Income tax paid	(31,297)	(82,708)
Net cash generated from operating activities	323,274	119,756

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 RMB'000	2024 RMB'000
Cash flows from investing activities			
Purchase of property, plant and equipment		(304,458)	(111,847)
Acquisition of right of use assets		(4,879)	(42,208)
Prepayment for acquisition of equipment		(22,050)	(34,593)
Interest received		7,162	13,225
Placement of restricted cash		(101,107)	-
Proceeds from disposal of property, plant and equipment		193	4,425
Net cash used in investing activities		(425,139)	(170,998)
Cash flows from financing activities			
Dividend paid		(20,818)	(45,182)
Dividend paid to a subsidiary's non-controlling interest		-	(3,920)
Capital contribution from a shareholder of a non-wholly owned subsidiary		3,040	-
Interest paid	42	(1,806)	(1,812)
Repayment of principal portion of lease liabilities	42	(85)	(79)
Net cash used in financing activities		(19,669)	(50,993)
Net decrease in cash and bank balances		(121,534)	(102,235)
Cash and bank balances at beginning of year		702,097	797,780
Effect on foreign exchange rate changes		(2,888)	6,552
Cash and bank balances at end of year		577,675	702,097
Analysis of cash and bank balances:			
Cash and bank balances	24	577,675	702,097

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL INFORMATION

Dongguang Chemical Limited (the “**Company**”) was incorporated in the Cayman Islands on 26 July 2013 as an exempted company with limited liability under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its shares are listed on the Stock Exchange of Hong Kong Limited on 11 July 2017. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in manufacturing and selling urea in the People’s Republic of China (the “**PRC**”). Details of the Company and its subsidiaries are presented in note 33 and 34 of the consolidated financial statements.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS ACCOUNTING STANDARDS”)

(a) Adoption of amendment to IFRS Accounting Standards

The International Accounting Standard Board (“**IASB**”) has issued the following amendment to IFRS Accounting Standards, which comprise all standards and interpretations approved by the IASB, and International Accounting Standards (“**IASs**”) and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect, that are first effective for the current accounting period of the Group:

- Amendment to IAS 21, Lack of Exchangeability
- Amendment to Illustrative Example IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37, Disclosures about Uncertainties in the Financial Statements

The application of the amended IFRS Accounting Standards has no material impact on the Group’s results and financial position for the current or prior period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS ACCOUNTING STANDARDS”) (CONTINUED)

(b) New and amendment to IFRS Accounting Standards that have been issued but are not yet effective

The following new and amendments to IFRS Accounting Standards, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

- Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments¹
- Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³
- Amendments to IAS 21, Translation to a Hyperinflationary Presentation Currency²
- Amendments to IFRS Accounting Standards, Annual Improvements to IFRS Accounting Standards – Volume 11¹
- IFRS 18, Presentation and Disclosure in Financial Statements²
- IFRS 19, Subsidiaries Without Public Accountability: Disclosures²

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

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

³ Effective for annual periods beginning on or after a date to be determined

Except for the new and amendments to IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments

IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Directors do not anticipate that the application of these amendments in the future will have a material impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS ACCOUNTING STANDARDS”) (CONTINUED)

(b) New and amended IFRS Accounting Standards that have been issued but are not yet effective (Continued)

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

The directors are currently assessing the detailed implications of applying the new standard on the Group’s consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

Although the adoption of IFRS 18 will have no impact on the Group’s net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported.

The line items presented on the primary financial statements might change as a result of the application of the concept of ‘useful structured summary’ and the enhanced principles on aggregation and disaggregation.

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

- (i) management-defined performance measures;
- (ii) a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
- (iii) for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group’s financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Reporting Standards, International Accounting Standards ('IASs') and Interpretations (hereinafter collectively referred to as the 'IFRS Accounting Standards') issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited including the disclosure provisions of the Hong Kong Companies Ordinance.

(b) Basis of measurement and going concern assumption

The consolidated financial statements have been prepared under the historical cost convention except for unlisted equity investment at fair value through other comprehensive income, which is measured at fair value as explained in the accounting policies set out below.

(c) Functional and presentation currency

The consolidated financial statements is presented in Renminbi ("RMB"), which is the same as the functional currency of the Company. All values in the consolidated financial statements are rounded to the nearest thousand except when otherwise indicated.

4. ACCOUNTING POLICIES

The material accounting policy adopted in the preparation of the consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

(b) Subsidiaries

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

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Buildings	10 to 20 years or over the lease term, whichever is shorter
Plant and machinery	3 to 20 years
Furniture, fixtures and equipment	3 to 18 years
Motor vehicles	4 to 12 years

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

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

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

(d) Investment property

Investment property is a property held or right-to-use asset held by the Group as a lessee either to earn rentals or for capital appreciation or for both or held for undetermined future use. Investment property is stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Depreciation is charged so as to write off the cost of investment property net of estimated residual value over the estimated remaining useful life which is within 10-30 years using straight-line method. The useful live, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of assets (other than financial assets)

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

- property, plant and equipment/investment property under cost model;
- interests in leasehold land held for own use under operating leases;
- investments in subsidiaries; and
- right-of-use assets

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset, 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.

(f) Leases

The Group as a lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recognised at cost and would comprise:

- (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);
- (ii) any lease payments made at or before the commencement date, less any lease incentives received;
- (iii) any initial direct costs incurred by the lessee; and
- (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. ACCOUNTING POLICIES (CONTINUED)

(f) Leases (Continued)

The Group as a lessee (Continued)

Right-of-use asset (Continued)

The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group accounts for leasehold land and buildings that are held for rental or capital appreciation purpose under IAS 40 and are carried at cost, less any accumulated depreciation and any impairment losses. The Group accounts for leasehold land which is held for own use under IAS 16 and are stated at cost and are amortised over the period of the lease. Other than the above right-of-use assets, the Group also has leased plant and machineries under lease agreement which the Group exercises its judgement and determines that it is a separate class of asset apart from the leasehold land which is held for own use. As a result, the right-of-use asset arising from the plant and machineries under a lease agreement are carried at depreciated cost.

Lease liability

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

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments:

- (i) fixed lease payments less any lease incentives receivable;

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

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

(g) Financial Instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments (Continued)

(i) Financial assets (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies all its debt instruments in the category as below.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses ("**ECLs**") on trade receivables and financial assets measured at amortised cost. ECLs are measured on either of the following bases:

- 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

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

For other debt financial assets, ECLs are based on lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12-months ECLs.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual 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.

The Group considers a financial asset to be credit-impaired when:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in "FVTOCI reserve (recycling)".

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments (Continued)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, other payables and accruals, bank loans, lease liabilities and amounts due to a shareholder and a non-controlling shareholder of a subsidiary are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

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

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(h) Inventories

Inventories are initially recognised at cost, and subsequently stated at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value represents 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. ACCOUNTING POLICIES (CONTINUED)

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Revenue from sales of goods is recognised when control of goods is transferred to the customers, which reflects the consideration to which the Group expects to be entitled in exchange for those goods. This is usually taken at the point in time when the goods are delivered and the customers accepted the goods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. ACCOUNTING POLICIES (CONTINUED)

(k) Income tax

Income tax comprises current tax and deferred tax.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill not deductible for tax purposes and initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits, taxable temporary differences arising on investments in subsidiaries, associates and joint ventures where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

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

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

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(l) Foreign currency

Transactions entered into by the group entities in currencies other than the currency of the primary economic environment in which it/they operate(s) (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. ACCOUNTING POLICIES (CONTINUED)

(l) Foreign currency (Continued)

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the rates approximating to those ruling when the transactions took place is used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign currency translation reserve.

(m) Employee benefits

Short-term employee benefits

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

Defined contribution retirement plans

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(n) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

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, the existence of which 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

4. ACCOUNTING POLICIES (CONTINUED)

(o) Related parties

- (1) 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 key management personnel of the Group or the Company's parent.
- (2) An entity is related to the Group if any of the following conditions apply:
- (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 the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (1).
 - (vii) A person identified in (1)(i) has significant influence over the entity or is a member of 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 parent of the Group.

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 and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group's management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Estimated useful lives of property, plant and equipment and investment property

The Group's management determines the estimated useful lives and residual values for its property, plant and equipment and investment property. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and investment property of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives. It will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

(b) Net realisable value of inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated distribution and selling expenses. Management reassesses the estimations at each reporting date to ensure inventory is shown at the lower of cost and net realisable value.

(c) Impairment of receivables

The Group's management reviews receivables on a regular basis to determine if any provision for impairment is necessary. This estimate is based on the credit history of its customers, past settlement and industry practice and current market conditions, including the incorporation of forward-looking information to supplement historical credit loss rate. Management reassesses the impairment of receivables at each reporting date.

(d) Income tax and deferred tax

Determining income tax provisions requires the Group to make judgements on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly. In addition, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgement on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

6. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold by the Group, after deducting relevant taxes. In the following table, revenue is disaggregated by primary geographical market (based on delivery destinations), major products and timing of revenue recognition:

	2025 RMB'000	2024 RMB'000
Revenue		
Primary geographical market		
– PRC	2,337,280	2,575,397
– Others	46,439	–
	2,383,719	2,575,397
Major products		
– Sales of urea	2,057,208	2,247,802
– Sales of vehicle urea solution	133,374	111,433
– Sales of methanol	133,209	129,434
– Sales of liquid ammonia	–	3,266
– Sales of carbon dioxide	24,198	23,272
– Sales of LNG	31,138	30,345
– Sales of compound fertiliser	4,592	29,845
	2,383,719	2,575,397
Timing of revenue recognition		
– At a point in time	2,383,719	2,575,397
Other income is presented as follows:		
Government grants (note (i))	1,947	1,949
Bank interest income	7,162	13,225
Gain on financial assets at fair value through profit or loss (note (ii))	21,391	1,680
Fair value loss on financial liabilities at fair value through profit or loss	(299)	(549)
Write-off of trade payables	64	18,985
Others	630	1,043
	30,895	36,333

Notes:

- (i) Government grants mainly represent receipts from the local government and relate to qualified long-lived assets. Such grants were deferred and released to profit or loss as other income over the expected useful life of the relevant assets.
- (ii) Gain on financial assets at fair value through profit or loss represented investment gain from trading of urea futures contracts during the year ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

7. OTHER GAINS AND LOSSES, NET

	2025 RMB'000	2024 RMB'000
Foreign exchange gains/(losses)	11,479	(7,604)
Net gain on sales of scrap materials	8,999	6,791
	20,478	(813)

8. SEGMENT INFORMATION

(a) Operating segment information

The chief operating decision-maker has been identified as the executive directors of the Company. The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance. There is only one business component in the internal reporting to the executive directors, which is manufacturing and selling of urea. The Group's assets and capital expenditure are principally attributable to this business component.

(b) Geographical segment information

The management determines the Group is domiciled in the PRC, which is the location of the Group's principal place of operations and majority of the non-current assets are located in the PRC. Substantially all of the Group's revenue is from external customers in the PRC.

(c) Information about major customers

For the year ended 31 December 2025 and 2024, none of the customers have transactions represent 10% or more of the Group's revenue.

9. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest expense in relation to: Lease liabilities	1,923	1,989

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

10. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2025 RMB'000	2024 RMB'000
Auditors' remuneration	1,810	1,714
Cost of inventories sold recognised as expense	2,183,891	2,403,350
Depreciation of property, plant and equipment	138,189	131,376
Depreciation of investment property	585	584
Amortisation of right-of-use assets	3,547	3,698
Short-term lease payments	259	252
Impairment loss on other receivables	-	24,632
Employee benefit expenses (including directors' remuneration) (note 12)		
– Wages and salaries	72,004	73,850
– Discretionary bonuses	50,694	46,342
– Retirement benefit scheme contributions (note)	15,757	15,001
– Staff welfare and other benefits	20,773	24,154
	159,228	159,347

Note:

For the years ended 31 December 2025 and 2024, there were neither contributions forfeited by the Group nor had there been any utilisation of such forfeited contributions to reduce future contributions.

As at 31 December 2025 and 2024, there were no forfeited contributions which were available for utilisation by the Group to reduce the existing level of contributions to the MPF Scheme and the Central Pension Schemes.

11. INCOME TAX EXPENSES

	2025 RMB'000	2024 RMB'000
Current tax – PRC		
Current tax	40,173	42,090
Withholding tax on dividends	3,080	5,800
Deferred tax (note 19)		
– Credited for the year	(3,809)	(11,278)
	39,444	36,612

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

11. INCOME TAX EXPENSES (CONTINUED)

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, Samoa and British Virgin Islands, the Company and its subsidiaries incorporated in the Cayman Islands, Samoa and British Virgin Islands are not subject to any income tax. The Group is operating in certain jurisdictions where the Pillar Two Rules are enacted but not effective. However, as the Group's estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15% after taking into account the adjustments under the Pillar Two Rules based on management's best estimate, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

The Group's subsidiaries incorporated in Hong Kong are subject to 16.5% Hong Kong profit tax base on assessable income arising in Hong Kong during each of the reporting period.

The provision for Mainland China current income tax is based on the statutory rate of 25% (2024: 25%) of the assessable profit of the PRC subsidiaries of the Company as determined in accordance with the PRC Corporation Income Tax Law which was approved and became effective on 1 January 2008 (the "New Corporate Income Tax Law").

Besides, according to the Notice on Implementing the Policy of Inclusive Tax Relief for Small and Micro Enterprises ("SMEs"), released by the Ministry of Finance on January 2021, qualified SMEs with annual taxable income below RMB1 million per year are entitled to a preferential EIT rate of 10% on 25% of their income. Whereas qualified SMEs with taxable income from RMB1 to 3 million are entitled to a preferential EIT rate of 10% on 50% of their income, certain of the group's subsidiaries are entitled to the preferential tax rate for the years ended 31 December 2025 and 2024.

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

	2025 RMB'000	2024 RMB'000
Profit before income tax	180,521	123,025
Tax calculated at a taxation rate of 25% (2024: 25%)	45,130	30,756
Effect of different tax rates operating in other jurisdictions	(386)	3,483
Effect of different tax rates operating for small and micro enterprises in PRC	(644)	(1,095)
Tax effect of non-deductible expenses	4,358	15,147
Tax effect of non-taxable income	(2,780)	(4,758)
Others	(6,234)	(6,921)
	39,444	36,612

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

12. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to the Listing Rules and section 78(1) of Schedule 11 to the Hong Kong Companies Ordinance, Cap. 622 for each of the reporting period are as follows:

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Year ended 31 December 2025					
<i>Executive Directors</i>					
Mr. Wang Zhihe (王治河)	697	3,773	-	-	4,470
Mr. Sun Zushan (孫祖善)	332	306	-	-	638
Mr. Xu Xijiang (徐希江)	332	-	-	-	332
Mr. Wang Chunmeng (王春萌)	332	342	-	-	674
Total	1,693	4,421	-	-	6,114
<i>Non-Executive Director</i>					
Ms. Chen Jimin (陳繼敏) (note i)	-	-	-	-	-
<i>Independent Non-Executive Directors</i>					
Mr. Liu Jincheng (劉金成)	166	150	-	-	316
Mr. Ng Sai Leung (吳世良)	166	-	-	-	166
Ms. Lin Xiuxiang (林秀香)	166	-	-	-	166
Total	498	150	-	-	648
Year ended 31 December 2024					
<i>Executive Directors</i>					
Mr. Wang Zhihe (王治河)	696	705	-	-	1,401
Mr. Sun Zushan (孫祖善)	331	314	-	-	645
Mr. Xu Xijiang (徐希江)	331	152	-	-	483
Mr. Wang Chunmeng (王春萌)	331	217	-	-	548
Total	1,689	1,388	-	-	3,077
<i>Non-Executive Director</i>					
Ms. Chen Jimin (陳繼敏)	-	-	-	-	-
<i>Independent Non-Executive Directors</i>					
Mr. Liu Jincheng (劉金成)	166	-	-	-	166
Mr. Ng Sai Leung (吳世良)	166	-	-	-	166
Ms. Lin Xiuxiang (林秀香)	166	-	-	-	166
Total	498	-	-	-	498

Note: (i) Resigned as a non-executive director on 22 May 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

12. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(b) Five highest paid individuals

The five highest paid individuals of the Group included 4 directors for the year ended 31 December 2025 (2024: 4), whose emoluments are reflected in note 12(a).

The analysis of the emolument of the remaining 1 highest paid individual for the year ended 31 December 2025 (2024: 1) are set out below:

	2025 RMB'000	2024 RMB'000
Salaries and allowances	1,106	1,104
Retirement benefit scheme contributions	17	17
	1,123	1,121

The number of non-director highest paid individuals whose remuneration fell within the following band is as follows:

Number of individuals

	2025	2024
HK\$1,000,001 to HK\$2,000,000	1	1

(c) During each of the reporting period, no director or any of the highest paid individuals waived or agreed to waive any emoluments. No emoluments were paid by the Group to the directors or any of the highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

(d) Senior management emolument band

The number of senior management whose remuneration fell within the following band is as follows:

Number of individuals

	2025	2024
Nil to HK\$1,000,000	1	1
HK\$1,000,001 to HK\$2,000,000	1	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

13. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Final, proposed – HK\$4.0 cents (2024: HK\$3.6 cents) per share	22,324	21,002

Pursuant to the resolution passed by the shareholders of the Company at the Company's annual general meeting held on 22 May 2025, a final dividend of HK3.6 cents per ordinary share in respect of the year ended 31 December 2024, absorbing a total amount of HK\$22,354,000, was paid on 6 June 2025 to all shareholders whose names appeared on the register of members of the Company on 2 June 2025.

The Board recommended a final dividend of HK\$4.0 cents (2024: HK\$3.6 cents) per ordinary share, absorbing a total amount of about HK\$24,837,760 (2024: HK\$22,353,984) in respect of the year ended 31 December 2025, which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting of the Company. The proposed dividends are not reflected as a dividend payable in these financial statements but will be reflected as an appropriation of retained earnings for the year ending 31 December 2026. The final dividends are converted from Hong Kong dollars to Renminbi at the rate at the end of reporting period.

14. EARNINGS PER SHARE

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

	2025 RMB'000	2024 RMB'000
Earnings for the purposes of basic and diluted earnings per share	140,023	84,605
	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	620,944,000	620,944,000

The diluted earnings per share is same as the basic earnings per share as there was no potential ordinary shares in issue during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Motor vehicles RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2025						
Opening net carrying amount	203,448	2,807	559,208	35,160	42,822	843,445
Additions	6,876	704	7,394	803	323,724	339,501
Transfer in/(out)	3,453	–	23,568	200	(27,221)	–
Disposals	(133)	(9)	(86)	–	–	(228)
Depreciation	(19,463)	(274)	(106,067)	(12,385)	–	(138,189)
Closing net carrying amount	194,181	3,228	484,017	23,778	339,325	1,044,529
As at 31 December 2025						
Cost	400,002	14,468	1,954,868	225,695	339,325	2,934,358
Accumulated depreciation and impairment	(205,821)	(11,240)	(1,470,851)	(201,917)	–	(1,889,829)
Net carrying amount	194,181	3,228	484,017	23,778	339,325	1,044,529
Year ended 31 December 2024						
Opening net carrying amount	205,098	2,154	556,853	47,579	55,656	867,340
Additions	4,218	1,230	19,128	76	87,195	111,847
Transfer in/(out)	12,407	–	87,521	101	(100,029)	–
Disposals	–	–	(4,366)	–	–	(4,366)
Depreciation	(18,275)	(577)	(99,928)	(12,596)	–	(131,376)
Closing net carrying amount	203,448	2,807	559,208	35,160	42,822	843,445
As at 31 December 2024						
Cost	389,806	13,944	1,924,548	224,692	42,822	2,595,812
Accumulated depreciation and impairment	(186,358)	(11,137)	(1,365,340)	(189,532)	–	(1,752,367)
Net carrying amount	203,448	2,807	559,208	35,160	42,822	843,445

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

16. INVESTMENT PROPERTY

	2025 RMB'000	2024 RMB'000
Carrying amount at beginning of the year	6,571	7,155
Depreciation during the year	(585)	(584)
Carrying amount at end of the year	5,986	6,571

As at 31 December 2025, the balance represented an office property located in Beijing, the PRC. As at 31 December 2024, the classification remained unchanged.

The following table gives information about how the fair values of the investment property as at 31 December 2025 and 2024 is determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Properties	Fair value	Fair value hierarchy	Valuation technique	Significant unobservable input	Range of unobservable input	Relationship of unobservable input to fair value
Office premises	RMB7,826,645 (2024: RMB10,038,000)	Level 3	Direct comparison approach	Estimated market unit sales price per square metre	RMB29,000 to RMB30,000 per sq.m (2024: RMB31,000 to RMB64,000 per sq.m)	The increase/decrease in the market unit sales price would result in an increase/a decrease in the fair value of the property

As at 31 December 2025 and 2024, the directors consider no impairment of the investment property is necessary. There were no transfers into or out of Level 3 for both years presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

17. LEASES

The Group as a lessee

The Group leases a number of properties in the jurisdictions from which it operates. The periodic rent of property leases is fixed over the lease term.

(i) *Right-of-use assets*

The analysis of the net carrying amount of right-of-use assets by class of underlying asset is as follows:

	2025 RMB'000	2024 RMB'000
Leasehold land	148,527	147,156
Plant and machinery carried at depreciated cost	1,673	1,712
	150,200	148,868

	Leasehold land RMB'000	Plant and machinery RMB'000	Total RMB'000
As at 1 January 2024	108,488	1,870	110,358
Addition	42,208	–	42,208
Amortisation	(3,540)	(158)	(3,698)
As at 31 December 2024 and 1 January 2025	147,156	1,712	148,868
Addition	4,879	–	4,879
Amortisation	(3,508)	(39)	(3,547)
As at 31 December 2025	148,527	1,673	150,200

The Group's leasehold land is held under medium term leases ranging from 30 years to 50 years and situated in the PRC where the Group's manufacturing and storage facilities are located. As at 31 December 2025, the Group's plant and machinery leased for own use carried at depreciated cost is held under a medium term lease of 30 years from inception.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

17. LEASES (CONTINUED)

The Group as a lessee (Continued)

(ii) Lease liabilities

	Leasehold land RMB'000	Plant and machinery RMB'000	Total RMB'000
At 1 January 2024	25,917	2,124	28,041
Interest expense	1,811	178	1,989
Lease payments during the year	(1,891)	–	(1,891)
At 31 December 2024 and 1 January 2025	25,837	2,302	28,139
Interest expense	1,806	117	1,923
Lease payments during the year	(1,891)	–	(1,891)
At 31 December 2025	25,752	2,419	28,171

Future lease payments are due as follows:

31 December 2025	Minimum lease payments RMB'000	Interest RMB'000	Present value RMB'000
Not later than one year	2,038	1,957	81
Later than one year and not later than two years	2,038	1,951	87
Later than two years and not later than five years	6,114	5,731	383
Later than five years	75,195	47,575	27,620
	85,385	57,214	28,171
31 December 2024	Minimum lease payments RMB'000	Interest RMB'000	Present value RMB'000
Not later than one year	2,038	1,950	88
Later than one year and not later than two years	2,038	1,938	100
Later than two years and not later than five years	6,113	5,666	447
Later than five years	75,234	47,730	27,504
	85,423	57,284	28,139

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

17. LEASES (CONTINUED)

The Group as a lessee (Continued)

(ii) Lease liabilities (Continued)

The present value of future lease payments are analysed as:

	2025 RMB'000	2024 RMB'000
Current liabilities	81	88
Non-current liabilities	28,090	28,051
	28,171	28,139
	2025 RMB'000	2024 RMB'000
Short term lease expense	259	252

18. UNLISTED EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Unlisted equity investment	40	40

On 6 November 2020, an unlisted limited company was incorporated in the PRC which the Group has the equity interest of 5%. The captioned entity is principally engaged in the promotion of environmentally friendly technology, together with consultation, research and development and selling of environmentally friendly materials such as vehicle urea solution, compound fertilisers and automotive catalyst.

The unlisted equity investment is measured at fair value. In the opinion of the Company's directors, cost is an appropriate estimate of fair value as there are no significant changes in the investee's performance and market condition from the date of initial recognition to the end of the reporting period. The Company does not expect to dispose of the unlisted equity investments in the near future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

19. DEFERRED TAX ASSETS/(LIABILITIES)

Details of the deferred tax assets/(liabilities) recognised and movements during each of the reporting period:

	Withholding tax on unremitted earnings RMB'000	Deferred revenue on government grants RMB'000	Accelerated/ (decelerated) depreciation RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	(3,552)	1,294	(4,938)	(2,325)	(9,521)
Credited/(charged) to profit or loss	(283)	2,013	120	9,428	11,278
At 31 December 2024	(3,835)	3,307	(4,818)	7,103	1,757
Credited/(charged) to profit or loss	(443)	3,263	291	698	3,809
At 31 December 2025	(4,278)	6,570	(4,527)	7,801	5,566

The deferred tax assets/(liabilities) are analysed as:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	5,571	1,766
Deferred tax liabilities	(5)	(9)
	5,566	1,757

PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the New Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. For the Group, the applicable withholding tax rate is 10%.

Deferred tax liabilities have been recognised for withholding taxes that would be payable on the planned remitted earnings that are subject to withholding taxes of the Group's subsidiary established in the PRC. In the opinion of the directors, based on the Group's dividend policy, the subsidiary will distribute the planned remitted earnings of RMB42,771,000 in the foreseeable future and the deferred tax liabilities recognised approximately RMB4,278,000 (2024: RMB3,835,000). The directors of the Company represent that the remaining unremitted earnings of the PRC subsidiaries will be set aside for expansion of operations, and therefore the Group has not provided for the deferred tax liabilities in respect of withholding tax on the remaining unremitted earnings of the Group's PRC entities as the Group is able to control the timing of reversal of such temporary difference and it is probable that such temporary difference would not be reversed in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

20. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	48,325	47,365
Finished goods	45,648	35,908
Parts and spares	3,723	2,596
	97,696	85,869

21. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	20,493	5,636
Bills receivable	259	-
	20,752	5,636

An aging analysis of the trade receivable at the end of the reporting periods, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	20,493	5,636

As at 31 December 2025 and 2024, none of the debtors included in the Group's trade receivables were past due. Details of impairment assessment of trade receivables are set out in note 38(a)(ii).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Other tax recoverable (note i)	149,494	150,945
Prepayments for equipment	22,050	35,043
Prepayments to coal suppliers	14,995	16,032
Prepayments to employees	2,155	2,457
Deposits	10,650	6,637
Other prepayments and other receivables	39,414	33,865
	238,758	244,979
Less: impairment loss on other receivables (note ii and iii)	(30,000)	(30,000)
	208,758	214,979
Represented by:		
Current portion	186,708	179,936
Non-current portion	22,050	35,043
	208,758	214,979

Notes:

- (i) During 2024, pursuant to the tax notice from the Cangzhou City Taxation Bureau Inspection Bureau ("Tax Bureau") of the PRC regarding findings from a tax audit conducted on Hebei Dongguang Chemical Co., Ltd. ("Dongguang Chemical"), an additional Enterprise Income Tax (EIT) liability, arising from certain non-compliant VAT invoices, of approximately RMB49.0 million was identified (the "Additional EIT"). Dongguang Chemical prepaid the Additional EIT of RMB49.0 million under review in 2024. Due to new data and evidence provided by Dongguang Chemical, Dongguang Chemical has been exempted from the relevant liability and the Additional EIT so prepaid was fully refunded in February 2025.

Except for the prepaid Additional EIT, the balances mainly represent the net input VAT receivable of RMB140,000,000 (2024: RMB87,000,000) which arose when the input VAT from the Group's purchase of raw materials and equipment exceeded the output VAT incurred from sale of goods at year end date.

Based on the relevant tax rules in the PRC, the Group has the right to claim refund of net input VAT receivable from tax authorities and it had no expiry date to claim for refund or utilize the balances against output VAT when needed, management is of the opinion that no impairment is provided.

- (ii) According to the court judgement granted on 6 December 2023 arising from a contractual dispute, a supplier was obligated to refund the deposit and make compensation to a Company's subsidiary. However, the recoverability of the refund and compensation was unlikely after assessing the financial ability of the supplier by the Group. An impairment loss on other receivables amounting to RMB30,000,000 (2024: RMB30,000,000) was made accordingly in the consolidated statement of financial position as at 31 December 2025 and 2024.
- (iii) The Group recognised impairment loss on other receivables based on the accounting policy stated in note 4(g)(ii), details of which are set out in to note 38(a)(ii).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

23. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Financial liabilities at fair value through profit or loss	1,193	1,077

The amount represented 1,006 future contracts and 3,702 options as at 31 December 2025 (2024: 2,280 future contracts) amounted to RMB1,193,000.

24. CASH AND BANK BALANCES

	2025 RMB'000	2024 RMB'000
Cash and bank balances	577,675	702,097

As at 31 December 2025, the Group has cash and bank balances denominated in RMB amounting to approximately RMB573,441,000 (2024: RMB696,997,000) which are deposited with banks in the PRC. RMB is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks in the PRC that are authorised to conduct foreign exchange business.

Bank balances from demand deposits earn interest at floating rates between 0.01% and 0.05% based on daily bank deposit rates. Bank balances from time deposits amounted to RMB179,000,000 earn interest at floating rates between 1.05% and 1.25%.

The bank balances are deposited with creditworthy banks. The directors of the Company considered that the fair value of the cash and bank balances is not materially different from their carrying amount because of the short maturity period on their inception.

25. RESTRICTED CASH

Restricted cash primarily represents bank deposits for letters of guarantee for securing the future contracts held in the securities account and bank notes. None of these deposits are restricted due to legal disputes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

26. ASSET CLASSIFIED AS HELD FOR SALE

On 3 April 2020, the Group entered into land exchange agreement (“**Agreement**”) with the government of Dongguang to exchange the industrial land which located in Yongxing Road, Cangzhou City, Dongguang County, Hebei Province, The PRC (the “**old industrial land**”) for the industrial land which nearby Chengdong Industrial Zone, Dongguang County, Hebei Province, The PRC (the “**new industrial land**”).

The old industrial land is indirectly wholly-owned by the Group as investment property as at 31 December 2022. On September 2023, the Group committed to a plan to provide the land license of the industrial land to the government of Dongguang County.

As at 30 September 2023, the investment property at the carrying amount of approximately RMB5,126,000 which was expected to be sold within twelve months was classified as held for sale and was presented separately in the consolidated statement of financial position. Due to the Group awaiting government approval to exchange the industrial land, the abovementioned transaction, which resulted in assets being classified as held for sale as at 31 December 2023, the management considered the disposal will be completed during the course of 2026.

27. TRADE AND NOTES PAYABLES

Trade payables are non-interest bearing and normally have a credit period of 0 to 90 days.

	2025 RMB'000	2024 RMB'000
Trade and notes payables	51,790	32,738
Notes payable	45,467	-
	97,257	32,738

An ageing analysis of the Group’s trade payables, based on the invoice dates is as follows:

	2025 RMB'000	2024 RMB'000
0 to 90 days	44,789	28,307
91 to 180 days	497	185
181 to 365 days	1,947	1,233
Over 365 days	4,557	3,013
	51,790	32,738

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

28. DEFERRED REVENUE

	2025 RMB'000	2024 RMB'000
Deferred revenue:		
At beginning of the year	43,410	33,410
Addition	15,000	10,000
At end of the year	58,410	43,410
Accumulated amortisation:		
At beginning of the year	32,188	30,240
Amortised during the year	1,947	1,948
At end of the year	34,135	32,188
Net carrying amount:		
Current	1,937	1,947
Non-current	22,338	9,275
	24,275	11,222

Deferred revenue relates to government grants provided to the Group for the installation and construction of machinery aimed at implementing energy-saving production methods and reducing production costs.

29. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Contract liabilities from sale of goods	63,881	55,911

Typical payment term which impacts on the amount of contract liabilities is as follows:

Sale of goods

The Group would normally deliver the goods after receiving the full sales amount as relevant deposits from the customers. Whenever the goods are delivered, such contract liabilities would be derecognised and the respective amount would be recognised as revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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29. CONTRACT LIABILITIES (CONTINUED)

Movements in contract liabilities

	2025 RMB'000	2024 RMB'000
Balance as at 1 January	55,911	104,969
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	(55,911)	(104,969)
Increase in contract liabilities as a result of deposits received in advance from customers	63,881	55,911
Balance at 31 December	63,881	55,911

30. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Accruals	28,545	26,553
Other payables (note)	36,790	56,292
	65,335	82,845

Note: Other payables mainly represented utilities payable and payables with construction and manufacturing equipment companies for the purpose of plant improvements, equipment replacements and repairs and maintenance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

31. SHARE CAPITAL

	Number of shares '000	Amount US\$	Amount RMB'000
Authorised share capital:			
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025			
Ordinary share at US\$0.0001 each	500,000,000	50,000,000	340,499
Issued share capital:			
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	620,944	62,094	392

32. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the end of reporting period are presented in the consolidated statements of changes in equity.

(a) Statutory reserve

Pursuant to relevant laws and regulations in the PRC and the Articles of Association of Dongguang Chemical, both are required to make appropriation from profit after taxation as reported in the PRC statutory financial statements to reserve fund at rates not less than 10% until the reserve fund balance reaches 50% of its registered capital.

The reserve fund can only be used, upon approval by the relevant authority, to offset accumulated losses or increase capital.

(b) Share premium

The amount represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of subsidiaries acquired plus the shareholder loan pursuant to the Reorganisation, and the difference between the nominal value of the ordinary shares issued by the Company and the proceeds received from public offer in Hong Kong and international placing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

32. RESERVES (CONTINUED)

Group (Continued)

(c) Merger reserve

The merger reserve of the Group represents the reserve arose pursuant to the Reorganisation as mentioned in the Prospectus during global offer.

(d) Foreign currency translation reserve

The reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(e) Specific reserve

According to relevant PRC regulations, the Group is required to set up a specific reserve for the safety production fund based on the sales of goods.

Company

	Share premium RMB'000	Accumulated losses RMB'000	Total reserves RMB'000
As at 1 January 2024	738,848	(203,884)	534,964
Loss for the year	-	(13,620)	(13,620)
Dividends approved in respect of the previous year	-	(45,182)	(45,182)
As at 31 December 2024 and 1 January 2025	738,848	(262,686)	476,162
Profit for the year	-	1,328	1,328
Dividends approved in respect of the previous year	-	(20,818)	(20,818)
As at 31 December 2025	738,848	(282,176)	456,672

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2025 RMB'000	2024 RMB'000
Non-current asset			
Interest in a subsidiary	34	750,816	750,816
Total non-current assets		750,816	750,816
Current assets			
Prepayments and other receivables		334	3,397
Cash and bank balances		395	411
Total current assets		729	3,808
Current liabilities			
Accruals		4,541	4,898
Amounts due to subsidiaries	36	289,940	273,172
Total current liabilities		294,481	278,070
Net current liabilities		293,752	274,262
Net assets		457,064	476,554
Capital and reserves			
Share capital	31	392	392
Reserves	32	456,672	476,162
Total equity		457,064	476,554

On behalf of directors

WANG Chunmeng 王春萌

SUN Zushan 孫祖善

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

34. INTERESTS IN SUBSIDIARIES

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

Company name	Date and place of incorporation/ establishment and kind of legal entity	Particulars of issued and fully paid up share capital/ registered capital	Effective interest held by the Company		Principal activity and place of operation
			Directly	Indirectly	
Sino-Coal Chemical Limited ("Sino-Coal Samoa")	Samoa/27 February 2014/ International company	Fully paid up share capital US\$1,000,000	100%	-	Investment holding in Hong Kong
Sino Nitrogen Industries Limited ("Sino Nitrogen")	British Virgin Islands/13 June 2014/ Limited liability company	Fully paid up share capital US\$1	-	100%	Investment holding in Hong Kong
Dongguang Chemical (Hong Kong) Limited (formerly known as Sino Emirates Chemicals Limited)	Hong Kong/4 October 2007/Limited liability company	Fully paid up share capital HK\$1	-	100%	Investment holding in Hong Kong
Hebei Dongguang Chemical Co., Ltd.* (河北省東光化工有限責任公司) ("Dongguang Chemical")	The PRC/1 July 1998/ Limited liability company	Registered and fully paid up capital RMB90,000,000	-	100%	Manufacturing and selling urea in the PRC
Cangzhou Dongqing Technology Co., Ltd.* ("滄州東清科技有限公司") ("Cangzhou Dongqing")	The PRC/26 August 2019/ Limited liability company	Registered capital RMB50,000,000/Paid up capital RMB16,000,000	-	100%	Manufacturing and selling of vehicle urea solution in the PRC
Dongguang Dongyue Environment Protection Technology Co., Ltd.* ("東光縣東悅環保科技有限公司") ("Dongguang Dongyue")	The PRC/1 September 2019/ Limited liability company	Registered capital RMB10,000,000/Paid up capital RMB4,000,000	-	51%	Manufacturing and selling of vehicle urea solution in the PRC
Dongguang Yongfengyuan Green Fertilizer Industry Co., Ltd.* ("東光永豐源綠色肥業有限公司") ("Yongfengyuan")	The PRC/11 November 2025/ Limited liability company	Registered capital RMB8,000,000/Paid up capital RMB6,400,000	-	42% (note)	Manufacturing and selling of slow release urea in the PRC

Note: The directors of the Company assessed that the Group has the ability to direct the relevant activities of Yongfengyuan as a shareholders voting agreement entered into with another shareholder during the year enable a Group entity to control additional 38% voting rights in the shares of Yongfengyuan.

* The English name of the subsidiaries established in the PRC represents management's best effort at translating the Chinese name of such subsidiaries for identification purpose only as no English name has been registered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

35. NON-CONTROLLING INTEREST

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests:

Company name	Proportion of ownership interest and voting rights held by non-controlling interest		Profit allocated to non-controlling interest		Accumulated non-controlling interests	
	2025	2024	2025	2024	2025	2024
	%	%	RMB'000	RMB'000	RMB'000	RMB'000
Dongguang Dongyue	49	49	742	1,808	7,300	6,558
Yongfengyuan	58	58	280	-	4,920	-
Other non-wholly owned subsidiary	45	45	32	-	932	-
			1,054	1,808	13,152	6,558

Summarised financial information in respect of the Company's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below presented amounts before intra-group eliminations.

Dongguang Dongyue

	2025 RMB'000	2024 RMB'000
Revenue	40,434	79,837
Profit for the year	1,513	3,691
Total comprehensive income for the year	1,513	3,691
Profit and total comprehensive income allocated to NCI	742	1,808
Cash flows generated from operating activities	3,235	6,362
Cash flows used in investing activities	-	(73)
Cash flows used in financing activities	-	(8,000)
Net cash inflow/(outflow)	3,235	(1,711)
As at 31 December		
Current assets	17,033	16,993
Non-current assets	761	892
Current liabilities	(2,895)	(4,501)
Net assets	14,899	13,384
Accumulated non-controlling interest	7,300	6,558

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

35. NON-CONTROLLING INTEREST

Yongfengyuan

	2025 RMB'000
Revenue	15,701
Profit for the year	482
Total comprehensive income for the year	482
Profit and total comprehensive income allocated to NCI	280
Cash flows generated from operating activities	8,571
Cash flows generated from investing activities	4,984
Net cash inflow	13,555
As at 31 December	
Current assets	16,388
Non-current assets	1,404
Current liabilities	(9,310)
Net assets	8,482
Accumulated non-controlling interest	4,920

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

36. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Name and relationship

Name of related party	Relationship with the Group
Wang Zhihe (王治河)	Ultimate shareholder of the Company
Sun Yi (孫毅)	Ultimate shareholder of the Company
Sun Zushan (孫祖善)	Ultimate shareholder of the Company
Xu Xijiang (徐希江)	Ultimate shareholder of the Company
Song Jianning (宋建寧)	Ultimate shareholder of the Company
Liu Yingdong (劉英棟)	Ultimate shareholder of the Company
Li Hongliang (李洪亮)	Ultimate shareholder of the Company
Li Guie (李桂娥)	Ultimate shareholder of the Company
Guo Jianming (郭建明)	Ultimate shareholder of the Company

(b) Amounts due to subsidiaries and a non-controlling shareholder of a subsidiary are unsecured, non-interest bearing and repayable on demand.

(c) Compensation of key management personnel of the Group

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	1,106	1,104
Retirement benefit scheme contributions	17	17
Total compensation paid to key management personnel	1,123	1,121

Further details of directors' emoluments are included in note 12.

37. CAPITAL COMMITMENTS

	2025 RMB'000	2024 RMB'000
Capital commitments contracted for but not provided in the consolidated financial statements:		
– Capital contribution to a subsidiary	1,100	–
– Acquisition of property, plant and equipment	475,962	94,217
	477,062	94,217

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

38. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group is exposed to a variety of financial risks in the normal course of business. The Group does not have written risk management policies and guidelines. However, the directors meet periodically to analyse and formulate strategies to manage the Group's exposure to market risks (specifically to foreign currency risk and interest rate risk), credit risk and liquidity risk. Generally, the Group utilises conservative strategies on its risk management. The Group's exposure to market risk is kept to minimum. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not issue derivative financial instruments for trading purposes.

The most significant financial risks to which the Group is exposed are described below. A summary of the Group's financial assets and liabilities by category is shown in note 38(b).

(i) Foreign currency risk

Currency risk refers to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at 31 December 2025 and 2024, the Group's assets and liabilities denominated in Hong Kong dollars and United States dollars, of which the financial currency of group entities is Renminbi, were as follows:

Hong Kong dollars ("HK\$")

	2025 HK\$'000	2024 HK\$'000
Cash and bank balances	2,506	286
Overall net exposure	2,506	286

United States dollars ("US\$")

	2025 US\$'000	2024 US'000
Cash and bank balances	230	-*
Overall net exposure	230	-*

* Represent amount less than US\$1,000

The following table indicates the approximate change in the Group's profit for the year and retained earnings and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of reporting period. The sensitivity analysis includes balances between Group companies where the denomination of the balances is in a currency other than the functional currencies of the lender or the borrower. A positive number below indicates an increase in profit for the year and retained earnings and other components of consolidated equity where RMB strengthens against the relevant currency. For a weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit for the year and retained earnings and other components of consolidated equity, and the balances below would be negative.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(i) Foreign currency risk (Continued)

	Increase in foreign exchange rate	31 December 2025 Effect on profit for the year and retained earnings RMB'000	Effect on other components of consolidated equity RMB'000
HK\$	1%	19	–
US\$	1%	13	–

	Increase in foreign exchange rate	31 December 2024 Effect on profit for the year and retained earnings RMB'000	Effect on other components of consolidated equity RMB'000
HK\$	1%	3	–
US\$	1%	–*	–

* Represent amount less than RMB5,000

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the group entities; exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

(ii) Credit risk and impairment provision

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instruments and cause a financial loss to the Group. The Group has no significant concentration of credit risk.

At 31 December 2025 and 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(ii) Credit risk and impairment provisions (Continued)

Trade receivables

In order to minimise the credit risk, the management of the Group closely monitors the collection of trade receivables to ensure that follow up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model in accordance to IFRS 9 on trade balances individually. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has applied the simplified approach in accordance with IFRS 9 to measure the loss allowance of trade receivables at lifetime ECL. The Group determines the expected credit losses on trade receivables balances by individual credit evaluations performed on all customers which are requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current ability to pay and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. The assessment reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Ongoing credit evaluation is performed on the financial condition of trade receivables.

As at 31 December 2025 and 2024, the loss allowance of trade receivables is insignificant.

Cash and cash equivalents

Most of the Group's cash and cash equivalents are held in major reputable financial institutions in the PRC, which management believes are of high credit quality.

Other receivables

Management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the debtors.

The Group has assessed the recoverability of all overdue other receivables. The directors of the Group make provision to cover the credit risk by reference to the counterparty's default history.

The measures to manage credit risk have been followed by the Group since prior years and are considered to be effective.

As at 31 December 2025 and 2024, except for a debtor included in other receivables of RMB30,000,000 which management assessed as credit-impaired and full provision for impairment loss is made accordingly (note 22(ii)), management assessed the remaining balance of other receivables have no significant increase in credit risk and assessed impairment loss on a 12-months ECL basis, the loss allowance is insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(iii) Interest rate risk

Interest rate risk means the risk on the fluctuation of fair value on future cash flows of financial instruments which arise from changes in interest rates. Floating interest rate instruments will result in the Group facing the risk of changes in market interest rate, and fixed interest rate instruments will result in the Group facing fair value interest rate risk.

Other than cash and bank balances (note 24), the Group does not have any other significant interest-bearing financial assets and liabilities. All financial liabilities bear fixed rate. As a result, any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Group.

The measures to manage interest rate risk have been followed by the Group since prior years and are considered to be effective.

Sensitivity analysis

At 31 December 2025, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit for the year and retained earnings by approximately RMBnil million (2024: RMBnil millions).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for the borrowings in existence at that date.

The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

(iv) Other price risk

The Group's financial assets at fair value through profit or loss and derivative instruments are measured at fair value at the end of each reporting period. The Group is exposed to equity security price risk and forward contract price risk. The directors manage this exposure by maintaining a portfolio of investments with different risk profiles.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. For sensitivity analysis purpose, the sensitivity rate is 5% (2024: 5%) in current year as a result of the volatile financial market.

At 31 December 2025, if the share prices of the investments and derivative instruments increase/decrease by 5%, post-tax profit for the year would have been approximately of RMB\$1,543,242 (2024: HK\$428,848) higher/lower, arising as a result of the fair value change of the financial assets at fair value through profit or loss and derivative instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(v) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, also regularly monitor its liquidity requirements, its compliance with lending covenants and its relationship with its bankers 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. In addition, banking facilities have been put in place for contingency purposes.

The Group's liquidity position is monitored on a daily basis by the management.

The following table summarises the remaining contractual maturities at the reporting dates of the Group's financial liabilities, which are based on contractual undiscounted payments.

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	On demand RMB'000	Within 1 year RMB'000	More than 1 year RMB'000
As at 31 December 2025					
Trade and notes payables	97,257	97,257	97,257	-	-
Other payables and accruals	65,335	65,335	65,335	-	-
Lease liabilities	28,171	85,385	-	2,038	83,347
Amount due to a non-controlling shareholder of a subsidiary	40	40	40	-	-
	190,803	248,017	162,632	2,038	83,347
As at 31 December 2024					
Trade payables	32,738	32,738	32,738	-	-
Other payables and accruals	82,845	82,845	82,845	-	-
Lease liabilities	28,139	85,423	-	2,038	83,385
Amount due to a non-controlling shareholder of a subsidiary	40	40	40	-	-
	143,762	201,046	115,623	2,038	83,385

The measures to manage liquidity risk have been followed by the Group since prior years and are considered to be effective.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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38. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at each reporting dates are also analysed into the following categories. See note 4(g) for explanations about how the category of financial instruments affects their subsequent measurement.

	2025 RMB'000	2024 RMB'000
Financial assets		
Amortised cost		
– Trade and bills receivables	20,752	5,636
– Deposits and other receivables	17,857	9,262
– Restricted cash	101,107	–
– Cash and bank balances	577,675	702,097
Fair values through other comprehensive income		
– Unlisted equity investments	40	40

	2025 RMB'000	2024 RMB'000
Financial liabilities		
Amortised cost		
– Trade and notes payables	97,257	32,738
– Other payables and accruals	65,335	82,845
– Lease liabilities	28,171	28,139
– Amount due to a non-controlling shareholder of a subsidiary	40	40
Fair values through profit or loss		
– Financial liabilities at fair value through profit or loss	1,193	1,077

Financial instruments not measured at fair value

Financial instruments not measured at fair value include trade receivables, bills receivables, deposits and other receivables, cash and bank balances, trade and notes payables, other payables and accruals, lease liabilities, bank loans and a non-controlling shareholder of a subsidiary.

Due to their short-term nature, their carrying values approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

39. CAPITAL MANAGEMENT

The Group's capital management objectives are:

- (i) to ensure the Group's ability to continue as a going concern; and
- (ii) to provide an adequate return to equity holders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between higher returns to owners 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. The directors of the Company also balance its overall capital structure through the payment of dividends or issue new shares. No changes were made in the objectives, policies or processes during each of the reporting period.

The Group sets the amount of equity in proportion to its overall financing structure. The equity-to-overall financing ratios at the end of each reporting period were as follows:

	2025 RMB'000	2024 RMB'000
Total equity	1,933,942	1,811,031
Overall financing:		
Amount due to a non-controlling shareholder of a subsidiary	40	40
Equity-to-overall financing ratio	48,349	45,276

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through optimisation of the debt and equity balance. The Group's overall strategy remained unchanged throughout each of the reporting period.

40. CONTINGENT LIABILITIES

As at 31 December 2025 and 2024, neither the Group nor the Company had any significant contingent liabilities.

41. EVENTS AFTER THE REPORTING PERIOD

No other significant events that require additional disclosure or adjustments occurred after the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (note 17) RMB'000
At 1 January 2024	28,041
Changes from cash flows:	
Repayment of lease liabilities – principal portion	(79)
Interest paid	(1,812)
Total changes from financing cash flows	(1,891)
Other changes:	
Interest expense	1,989
At 31 December 2024 and at 1 January 2025	28,139
Changes from cash flows:	
Repayment of lease liabilities – principal portion	(85)
Interest paid	(1,806)
Total changes from financing cash flows	(1,891)
Other changes:	
Interest expense	1,923
At 31 December 2025	28,171

43. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the directors on 23 March 2026.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements is set out below. The summary does not form part of the audited consolidated financial statements.

	2025 RMB'000	Year ended 31 December			
		2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
RESULTS					
Revenue	2,383,719	2,575,397	2,920,711	3,130,781	2,880,934
Gross profit	199,828	172,047	332,961	329,614	458,813
Profit from operations	180,521	123,025	268,643	276,226	384,654
Profit before income tax	180,521	123,025	268,643	276,226	384,654
Income tax expenses	39,444	36,612	74,536	74,087	109,072
Profit for the year	141,077	86,413	194,107	202,139	275,582
ASSETS AND LIABILITIES					
	2025 RMB'000	As at 31 December			
		2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Non-current assets	1,228,376	1,035,733	985,424	1,056,971	1,148,178
Current assets	989,064	987,279	1,115,787	812,144	692,351
TOTAL ASSETS	2,217,440	2,023,012	2,101,211	1,869,115	1,840,529
Current liabilities	233,065	174,646	294,146	212,096	322,596
Non-current liabilities	50,433	37,335	39,897	36,591	38,922
TOTAL LIABILITIES	283,498	211,981	334,043	248,687	361,518
NET ASSETS	1,933,942	1,811,031	1,767,168	1,620,428	1,479,011