



Kimou Environmental Holding Limited 金茂源環保控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6805



2025
ANNUAL REPORT



CONTENTS

2	Corporate Information
4	Chairman's Statement
5	Management Discussion and Analysis
18	Profiles of Directors and Senior Management
24	Report of the Directors
40	Corporate Governance Report
58	Independent Auditor's Report
63	Consolidated Statement of Profit or Loss
64	Consolidated Statement of Profit or Loss and Other Comprehensive Income
65	Consolidated Statement of Financial Position
67	Consolidated Statement of Changes in Equity
69	Consolidated Statement of Cash Flows
71	Notes to the Financial Statements
135	Five Year Financial Summary
136	Schedule of Investment Properties



CORPORATE INFORMATION

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited
(the “**Stock Exchange**”)

STOCK CODE

6805

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Lianghong (*Chairman and Chief Executive Officer, appointed as Chief Executive Officer with effect from 11 July 2025*)

Mr. Huang Qiyang (*Chief Executive Officer, resigned with effect from 11 July 2025*)

Mr. Lee Kin Ming

Mr. Huang Shaobo

Mr. Cheung Ka Tsun

Independent Non-Executive Directors

Mr. Li Xiaoyan

Mr. Liu Da

Ms. Pong Scarlett Oi Lan *BBS, JP*

AUDIT COMMITTEE

Mr. Liu Da (*Chairperson*)

Mr. Li Xiaoyan

Ms. Pong Scarlett Oi Lan *BBS, JP*

NOMINATION COMMITTEE

Mr. Zhang Lianghong (*Chairperson*)

Mr. Li Xiaoyan

Ms. Pong Scarlett Oi Lan *BBS, JP*

REMUNERATION COMMITTEE

Ms. Pong Scarlett Oi Lan *BBS, JP* (*Chairperson*)

Mr. Zhang Lianghong

Mr. Li Xiaoyan

COMPANY SECRETARY

Mr. Chung Ming Fai

AUTHORISED REPRESENTATIVES

Mr. Zhang Lianghong

Mr. Lee Kin Ming

PRINCIPAL BANKER

Dongguan Rural Commercial Bank Joint Stock Company Limited
No. 44, Nancheng Section,
Guantai Road,
Dongguan, Guangdong Province
the PRC

REGISTERED OFFICE

Campbells Corporate Services Limited
Floor 4, Willow House
Cricket Square
Grand Cayman KY1-9010
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE “PRC”)

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Huizhou City
Guangdong Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit E&F, 5/F.
Hung Cheong Factory Building
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Hong Kong

LEGAL ADVISORS AS TO HONG KONG LAWS

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Suites 3304–3309, 33/F
Jardine House
One Connaught Place, Central
Hong Kong

AUDITOR

BDO Limited, *Certified Public Accountants and Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance*
25th Floor
Wing On Centre
111 Connaught Road
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Campbells Corporate Services Limited
Floor 4, Willow House
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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
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183 Queen's Road East
Wanchai, Hong Kong

COMPANY WEBSITE

www.kimou.com.cn

CHAIRMAN'S STATEMENT

Dear shareholders of the Company,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Kimou Environmental Holding Limited (the "**Company**"), I am pleased to present the annual report of the Company and its subsidiaries (collectively as the "**Group**" or "**Kimou**") for the year ended 31 December 2025 (the "**Year**").

During the Year, the Group recorded revenue of RMB1,680.1 million, an increase of RMB286.0 million or 20.5%, and reported a profit attributable to equity holders of the Company of RMB134.8 million, an increase of RMB12.2 million or 9.9%. This increase was primarily attributable to the combined effect of an increase in the Group's daily leased floor area in 2025, which led to higher revenue from leasing and facility usage, wastewater treatment, and utilities, as well as higher revenue from the sale of goods and ancillary businesses due to rising market prices for precious metal products. To reserve more funds for the construction and operation of the Hua dong Park, the Board has recommended not to pay a final dividend for the Year.

In 2025, the global economy demonstrated fragile resilience amid trade frictions and geopolitical turbulence, with industrial transformation and upgrading coexisting side by side, presenting the industry with new opportunities and challenges. During the Year, guided by our development philosophy of "Set industry benchmarks. Be the role model in water treatment" we have deepened our focus on the core businesses of the surface treatment industrial parks, pursued efficient management, and continued to innovate and reform. We are committed to extending the industrial chain and service value of the surface treatment industrial parks to drive the Group's high-quality and sustainable development. We remain committed to technological innovation as our guiding principle, continuously improving management efficiency and core competitiveness to lay a solid foundation for the Group's long-term development.

2026 marks the beginning of the 15th Five-Year Plan and is a pivotal year for the Group as we strive for new heights and unite our efforts to achieve breakthroughs. Standing at this new starting point, we will anchor our efforts on the two major tasks of high-quality development and asset-light operations. We will focus on our core businesses, such as investment promotion and park operations, while expanding into appropriately diversified business areas. We will continue to strengthen our foundations in management, technology, and talent, optimize resource allocation, enhance operational efficiency, comprehensively elevate our core competitiveness, and propel the Group into a new phase of high-quality development.

The Group's more than two decades of steady development would not have been possible without the wholehearted and tireless contributions of the Board and all staff members. On behalf of the Board, I would like to express my deepest gratitude to all staff members for their efforts, dedication, and contributions to the Group. I would also like to thank our clients/tenants, suppliers, business partners, shareholders, and investors for their long-term support. Moving forward, we will continue to uphold our commitment to our shareholders, clients/tenants, and suppliers, taking each step with prudence and pragmatism, and repaying the support of all stakeholders with satisfactory performance.

Zhang Lianghong

Chairman

27 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS MARKET REVIEW

In 2025, the international security landscape remained complex and severe, with geopolitical conflicts erupting across multiple fronts. The Russia-Ukraine conflict and the Palestine-Israel situation fluctuated dramatically, deepening the global peace deficit. The global tariff war instigated by the United States severely disrupted the multilateral trading system, becoming a major source of uncertainty throughout the year. Amid trade frictions and geopolitical turbulence, the global economy demonstrated “fragile resilience.” The International Monetary Fund (IMF) projected annual global economy growth of approximately 3.3%, with major economies experiencing heightened divergence. Facing a rapidly changing external environment, China has remained committed to industrial upgrading, accelerating the growth of new quality productive forces. The Chinese economy has achieved both quantitative expansion and qualitative improvement, with artificial intelligence and green transformation emerging as core drivers of new growth opportunities. These shifts are reshaping industrial landscapes and impacting the production and profits of our Group and our clients.

BUSINESS REVIEW

The Group develops and operates large-scale Surface Treatment Recycling Eco-industrial Parks (formerly described as “**Electroplating Industrial Park**”) in the PRC which are specifically designed for the electroplating industry providing electroplating wastewater treatment and other ancillary services. For the Year, the Group’s revenue was approximately RMB1,680.1 million (2024: RMB1,394.1 million), representing an increase of approximately 20.5% from that of 2024 and the profit attributable to the equity shareholders of the Company was approximately RMB134.8 million (2024: RMB122.6 million), representing an increase of approximately 9.9% from that of 2024.

OUR SURFACE TREATMENT RECYCLING ECO-INDUSTRIAL PARKS

The Group currently operates five Surface Treatment Recycling Eco-industrial Parks which are strategically located in Guangdong Province (“**Guangdong Huizhou Park**”), Tianjin (“**Tianjin Bingang Park**”), Jingzhou, Hubei Province (“**Huazhong Park**”), Qingshen, Sichuan Province (“**Qingshen Park**”) and Taixing, Jiangsu Province (“**Huadong Park**”) in order to enjoy convenient transportation network and be in close proximity to its customers where most of the PRC electroplating enterprises are located.

Total leasable area and occupancy rate

Set out below is the total leasable area and occupancy rate of the Group’s five Surface Treatment Recycling Eco-industrial Parks:

	As at 31 December											
	2025						2024					
	Guangdong Huizhou Park	Tianjin Bingang Park	Huazhong Park	Qingshen Park	Huadong Park	Total	Guangdong Huizhou Park	Tianjin Bingang Park	Huazhong Park	Qingshen Park	Huadong Park	Total
Total leasable area (sq.m.) ^(note)	501,000	320,000	158,000	94,000	307,000	1,380,000	501,000	316,000	141,000	97,000	127,000	1,182,000
Total leased area (sq.m.) ^(note)	476,000	278,000	84,000	52,000	276,000	1,166,000	471,000	272,000	76,000	50,000	125,000	994,000
Occupancy Rate	95.0%	86.9%	53.2%	55.3%	89.9%	84.5%	94.0%	86.1%	53.9%	51.5%	98.4%	84.1%

Note: Rounded to the nearest thousand. The total leased area includes the area for which a formal lease agreement has been signed and the area for which a reservation agreement has been made.

The Group offers factory premises in standard floor areas in which the customers can choose to lease or purchase single or multiple floors according to their operational needs. The Group can also lease land to customers to construct their own plants according to the requirements of the Group. As at 31 December 2025, the total leasable area of Guangdong Huizhou Park, Tianjin Bingang Park, Huazhong Park, Qingshen Park and Huadong Park were approximately 501,000 sq.m., 320,000 sq.m., 158,000 sq.m., 94,000 sq.m. and 307,000 sq.m. respectively while their occupancy rates were 95.0%, 86.9%, 53.2%, 55.3% and 89.9%, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

OUR SURFACE TREATMENT RECYCLING ECO-INDUSTRIAL PARKS *(Continued)*

Wastewater treatment capabilities

Set out below is the wastewater treatment capability of the Group's five Surface Treatment Recycling Eco-industrial Parks:

	For the year ended 31 December											
	2025						2024					
	Guangdong Huizhou Park	Tianjin Bingang Park	Huazhong Park	Qingshen Park	Huadong Park	Total	Guangdong Huizhou Park	Tianjin Bingang Park	Huazhong Park	Qingshen Park	Huadong Park	Total
Fresh water used (tonnes) ^(Note)	2,823,000	859,000	291,000	108,000	553,000	4,634,000	2,847,000	767,000	256,000	56,000	280,000	4,206,000
Daily wastewater treatment capacity (tonnes) ^(Note)	10,000	6,000	2,500	5,000	4,000	27,500	10,000	6,000	2,500	5,000	4,000	27,500
Annual average daily wastewater treatment handling capacity (tonnes)	7,842	2,387	807	299	1,536	12,871	7,909	2,102	702	156	778	11,647
Annual average utilisation rate of daily wastewater treatment capacity	78.4%	39.8%	32.3%	6.0%	38.4%	46.8%	79.1%	35.0%	28.1%	3.1%	19.5%	42.4%

Note: Rounded to the nearest thousand.

The factory premises of the Group's five Surface Treatment Recycling Eco-industrial Parks have pre-installed conduits which direct the electroplating wastewater generated by the customers to the Group's centralised wastewater treatment facilities. The Group has also built the systems for (i) recycling the treated wastewater to produce pure water for tenants to reuse; and (ii) discharging the rest of the treated wastewater through channels. These facilities are fundamental and of core importance to the daily operations of the customers.

As at 31 December 2025, the total daily maximum wastewater treatment capacity of the Group reached 27,500 tonnes. The annual average daily wastewater treatment handling volume was approximately 12,871 tonnes and the annual average utilisation rate of wastewater treatment was approximately 46.8%. The Group's average annual wastewater utilisation rate increased by 4.4 percentage points compared to the 2024 level. This was primarily driven by increased production capacity of clients in Tianjin Bingang Park, Huazhong Park, and Qingshen Park, as well as higher fresh water consumption by clients in Huadong Park due to newly leased areas added in 2025.

RESEARCH AND DEVELOPMENT

To keep enhancing the effectiveness of wastewater treatment process and reuse rate is the long term objective and the social responsibility of the Group. With our experienced and knowledgeable research and development team and the cooperation of Tsinghua Shenzhen International Graduate School, the Group has been gradually transforming itself into an integrated wastewater treatment service provider. The Group had obtained 212 registered patents and 57 patent applications were in the progress of registration as at 31 December 2025.

SALES AND MARKETING

The Group conducts marketing and promotion activities and builds customers relationship through participation in domestic exhibitions and seminars. During the Year, the Group participated in seven exhibitions and eight seminars.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

In recent years, as the country's emphasis on the construction of ecological civilisation continues to rise, environmental protection policies have been continuously strengthened, placing higher demands on the electroplating while also welcomed new development opportunities. On the one hand, the environmental protection policy is becoming more and more stringent, forcing the electroplating industry to green transformation; on the other hand, electroplating environmental protection industrial park as an important carrier of the industry intensification, green development, the future will welcome a wide range of development space. Electroplating industrial park through centralised construction, unified management, can effectively solve the environmental pollution problems brought about by the scattered distribution of electroplating enterprises, to achieve the intensive use of resources and pollution centralised treatment, resource reuse, with the ability of the circular economy of the enterprises will be dominant in the market competition. At the same time, enterprises in the park can share infrastructure, technical services and market information, reduce operating costs and improve production efficiency.

The electroplating industrial park will develop towards greening, intelligence and high-end development. The park will adopt advanced clean production technology and pollution control facilities to achieve zero or ultra-low emission of wastewater, waste gas and solid waste to create a green and environmentally friendly modern electroplating industrial park; it will also introduce a new generation of information technology such as the Internet of Things, big data, cloud computing, etc., to achieve intelligent control of the production process and real-time monitoring of the environmental data, and to enhance the efficiency of the park's management and the efficiency of the enterprise's production. The park will also focus on the development of high-end plating technology and high value-added products to meet the demand for high-performance and high-reliability plating products from strategic emerging industries such as electronic information, aviation and aerospace, and new energy vehicles.

We will actively grasp the historical opportunity of the development of electroplating industrial park, increase the investment in environmental protection, enhance the technical level, and create a green, intelligent and high-end modern electroplating industrial park, so as to make positive contribution to the development of the industry and create greater value for our shareholders.

Circular economy and resource reuse mode will become the important development direction of electroplating industry. Through wastewater recycling, precious metal extraction and other technologies, electroplating enterprises can achieve efficient use of resources, reduce production costs, while reducing the impact on the environment. To this end, we are also actively exploring the hazardous solid waste resource recovery business to achieve green, low-carbon and circular development, thereby increasing the Group's revenue and rewarding to shareholders.

Increasing the gross floor area available for leasing

As announced by the Company on 9 November 2025 and 6 February 2026, the Group further developed the factories in Huadong Park. It is estimated that there is an additional 215,000 sq.m of factory space available for lease by 31 December 2026. For details of the acquisition, please refer to the announcements of the Company dated 9 November 2025 and 6 February 2026.

Enhancing wastewater treatment capabilities

During the year, the construction of the second phase of wastewater treatment plant in Huadong Park has been completed. It is estimated to commence full-scale operations on 30 June 2026, at which time the Group's daily wastewater treatment capacity has increased by 8,000 tonnes.

The increase in both lease areas and wastewater treatment capacity will further increase the revenue and profit of the Group as well as return to shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATION

Revenue

The Group's business mainly involves the provision of factory premises and centralised wastewater treatment services to the tenants at the Guangdong Huizhou Park, the Tianjin Bingang Park, the Huazhong Park, the Qingshen Park and the Huadong Park. The Group's main business can be categorised into three business segments, namely, (1) rental and facilities usage; (2) wastewater treatment and utilities; and (3) sales of goods and ancillary business. For the Year, the Group's total revenue amounted to approximately RMB1,680.1 million, representing an increase of 20.5% over that in 2024, primarily due to the increase in revenue for each of the three business segments of the Group.

	For the year ended 31 December											
	2025						2024					
	Guangdong Huizhou Park RMB'000	Tianjin Bingang Park RMB'000	Huazhong Park RMB'000	Qingshen Park RMB'000	Huadong Park RMB'000	Total RMB'000	Guangdong Huizhou Park RMB'000	Tianjin Bingang Park RMB'000	Huazhong Park RMB'000	Qingshen Park RMB'000	Huadong Park RMB'000	Total RMB'000
Rental and facilities usage												
Rental of factory premises	76,829	30,942	13,426	5,835	18,535	145,567	82,352	32,109	6,101	5,007	12,853	138,422
Property management fee	16,561	7,577	2,283	1,706	5,046	33,173	16,290	7,099	2,069	1,433	3,060	29,951
Environmental protection technical service fee	166,400	67,802	11,736	8,642	29,316	283,896	177,741	79,088	11,221	7,646	17,768	293,464
Sub-total	259,790	106,321	27,445	16,183	52,897	462,636	276,383	118,296	19,391	14,086	33,681	461,837
Wastewater treatment and utilities												
Wastewater treatment fee	190,990	58,588	28,310	6,728	34,060	318,676	193,292	52,092	24,619	3,309	17,038	290,350
Steam charge	75,501	46,119	10,682	4,451	17,607	154,360	76,169	39,875	8,695	2,081	8,534	135,354
Utility systems maintenance fee	58,745	29,161	5,930	1,779	14,099	109,714	59,607	28,568	4,603	931	6,067	99,776
Sub-total	325,236	133,868	44,922	12,958	65,766	582,750	329,068	120,535	37,917	6,321	31,639	525,480
Sales of goods and ancillary business												
Sales of consumables	522,910	27,314	5,634	5,698	16,898	578,454	353,192	15,538	3,062	2,052	23	373,867
Other income	32,562	16,532	3,067	337	3,743	56,241	18,711	11,346	1,660	107	1,076	32,900
Sub-total	555,472	43,846	8,701	6,035	20,641	634,695	371,903	26,884	4,722	2,159	1,099	406,767
Total	1,140,498	284,035	81,068	35,176	139,304	1,680,081	977,354	265,715	62,030	22,566	66,419	1,394,084

Revenue from rental and facilities usage service

Revenue from rental and facilities usage service includes rental of factory premises, environmental protection technical service fee and property management fee, such fees are charged on its tenants based on the gross floor area of their leased factory premises.

The revenue from rental and facilities usage services increased by approximately RMB0.8 million or 0.2% from approximately RMB461.8 million for the year ended 31 December 2024 to approximately RMB462.6 million for the Year. The increase was primarily attributable to the increase in average daily leased area, offset by reductions in unit rental rates and environmental technology service fees at the Guangdong Huizhou Park and Tianjin Bingang Park.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATION *(Continued)*

Revenue from wastewater treatment and utilities

Income from this business segment comprises of wastewater treatment fee, steam charge and utility systems maintenance fee, which are chargeable on our customers based on the actual volume of fresh water, steam and utility consumed, respectively.

(i) Wastewater treatment fee

Wastewater treatment fee increased by approximately RMB28.3 million or 9.8% from approximately RMB290.4 million for the year ended 31 December 2024 to approximately RMB318.7 million for the Year. The increase was primarily attributable to the combined effects of the increase in volume of fresh water used by the customers in Tianjin Bingang Park, Huazhong Park, and Qingshen Park during the Year, as well as the addition of new customers in Huadong Park during the Year, which led to increased use of fresh water.

(ii) Steam charge

Steam charge increased by approximately RMB19.0 million or 14.0% from approximately RMB135.4 million for the year ended 31 December 2024 to approximately RMB154.4 million for the Year. The increase was primarily attributable to the combined effects of the increase in volume of steam used by the customers in Tianjin Binhai Park, Huazhong Park, and Qingshen Park during the Year, as well as the addition of new customers in Huadong Park during the Year, which led to increased use of steam.

(iii) Utility systems maintenance fee

The Group charges its tenants for using its electricity and water supply systems, based on their consumption volume of those utilities. During the Year, over 99% of the utility systems maintenance fee was derived from utilisation of the electricity system.

The utility systems maintenance fee increased by approximately RMB9.9 million or 10.0% from approximately RMB99.8 million for the year ended 31 December 2024 to approximately RMB109.7 million for the Year. The increase was primarily attributable to the combined effects of the increase in volume of electricity consumed and fresh water used by the customers in Tianjin Binhai Park, Huazhong Park, and Qingshen Park during the Year, as well as the addition of new customers in Huadong Park during the Year, which led to increased use of electricity.

Revenue from sales of goods and ancillary business

Sales of goods and ancillary business is mainly comprised of sales of consumables which accounted for 91.1% (2024: 91.9%) of this business segment.

Sales of consumables increased by approximately RMB204.6 million from approximately RMB373.9 million for the year ended 31 December 2024 to approximately RMB578.5 million for the Year. The increase was primarily attributable to the combined effects of (i) the increase in demand of tenants; and (ii) the rising prices of precious metal.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATION *(Continued)*

Operating costs

The Group's operating costs primarily consist of depreciation and amortisation, cost of inventories, staff costs, utility costs and other expenses.

Operating costs increased by approximately RMB278.0 million or 24.9% from approximately RMB1,116.1 million for the year ended 31 December 2024 to approximately RMB1,394.1 million for the Year.

Depreciation and amortisation

The Group's depreciation and amortisation increased by approximately RMB45.2 million or 17.0% from approximately RMB266.0 million for the year ended 31 December 2024 to approximately RMB311.2 million for the Year. The increase was mainly attributable to the depreciation and amortization charged for the newly acquired and operated investment properties and property, plant and equipment for the Year, offset by a decrease in depreciation and amortization due to reaching useful life of some assets.

Cost of inventories

Cost of inventories mainly consisted of materials for wastewater treatment and natural gas for production of steams and consumables for sale to the tenants. Cost of inventories increased by approximately RMB216.2 million or 45.5% from approximately RMB474.9 million for the year ended 31 December 2024 to approximately RMB691.1 million for the Year, primarily attributable to the combined effects of (i) the increased costs by selling more goods to tenants; (ii) the increase in material consumption due to the increase of waste water treatment and (iii) rising procurement costs for precious metal products in sales of goods and ancillary business.

Staff costs

Staff costs is comprised of staff's salaries, bonus and other benefits as well as Directors' remuneration which amounted to approximately RMB185.8 million for the Year, representing an increase of 10.2% as compared with approximately RMB168.6 million for the year ended 31 December 2024. The increase in the Group's staff costs was mainly attributable to the increase in number of employees due to business development needs in Huadong Park during the Year.

Utility costs

Utility costs mainly comprised of costs of electricity and water consumed throughout the Group's wastewater treatment processes, production of steam and for other activities such as lighting and gardening inside the Surface Treatment Recycling Eco-industrial Parks. Utility costs decreased by approximately RMB1.3 million or 3.3%, from approximately RMB40.1 million for the year ended 31 December 2024 to approximately RMB38.8 million for the Year. The decrease was mainly attributable to the decrease in comprehensive electricity prices during the Year, offset by the increase in electricity and water consumption resulting from increased wastewater treatment volumes.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATION *(Continued)*

Other expenses

Other expenses primarily consisted of professional service fees, waste treatment expenses, other taxes and surcharges, security charges, maintenance and consumables expenses, research and development expenses and others.

	For the year ended 31 December 2025 RMB'000	For the year ended 31 December 2024 RMB'000
Professional service fees	26,049	20,201
Waste treatment expenses	20,718	18,925
Other taxes and surcharges	42,712	48,679
Security charges	7,909	7,539
Maintenance and consumables expenses	14,638	13,276
Research and development expenses	16,082	14,458
Consultancy and services fee	3,584	2,984
Business entertainment fees	8,305	11,120
Cleaning expenses	6,037	5,596
Travelling expenses	4,452	4,388
Office and seminar expenses	5,596	5,633
Landscaping expenses	1,701	1,488
Advertising and promotion expenses	1,853	3,502
Insurance	1,011	433
Others	6,535	8,265
Total	167,182	166,487

Other expenses increased by approximately RMB0.7 million from approximately RMB166.5 million for the year ended 31 December 2024 to approximately RMB167.2 million for the Year, primarily attributable to (i) comprehensive loan fees charged by the bank; (ii) higher insurance premiums due to the increase in property and assets; (iii) the increase in waste treatment expenses resulting from the increase in wastewater treatment handling volume; which were offset by the decrease in business entertainment fees and advertising and promotion expenses.

Other revenue

Other revenue primarily consisted of (i) bank interest income, (ii) government grants and (iii) other income. Other revenue increased by approximately RMB0.2 million or 0.5%, from approximately RMB29.3 million for the year ended 31 December 2024 to approximately RMB29.5 million for the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATION *(Continued)*

Profit from operations and operating profit margin

The Group's profit from operations decreased by approximately RMB9.6 million or 3.2%, from approximately RMB305.0 million for the year ended 31 December 2024 to approximately RMB295.4 million for the Year. The decrease in operating profit was mainly attributable to the reduced gains from disposal of investment properties and non-current assets held for sale, as well as foreign exchange losses incurred. The operating profit margin decreased from 21.9% for the year ended 31 December 2024 to 17.6% for the Year. The decline in operating profit margin was mainly due to the decrease in gross profit margin of sales of the precious metal products in the Group's goods and ancillary business.

Finance costs

Finance costs primarily comprised of interest in bank loans and other borrowings. Finance cost decreased by approximately RMB20.7 million or 14.9%, from approximately RMB139.0 million for the year ended 31 December 2024 to approximately RMB118.3 million for the Year. The decrease in finance costs was attributable to the decrease in the interest rate on average bank loans and other borrowings, which was offset by the increase in interest expense resulting from the increase in average balance of bank loans and other borrowings.

Profit before taxation

The Group's profit before taxation increased by approximately RMB11.0 million from approximately RMB166.1 million for the year ended 31 December 2024 to approximately RMB177.1 million for the Year which was primarily attributable to the factors as described above in this section.

Income tax expense

Income tax expense decreased by approximately RMB5.9 million from approximately RMB59.5 million for the year ended 31 December 2024 to approximately RMB53.7 million for the Year, which was primarily attributable to the reduction in the impact of the Group's unused tax losses not yet recognised during the Year, which was offset by the combined effects of the increase in income tax due to the increase in the Group's taxable income during the Year and the increase in withholding tax arising from the distribution of dividends by a PRC subsidiary to a Hong Kong subsidiary.

Profit attributable to the equity shareholders of the Company

Profit attributable to the equity shareholders of the Company increased by approximately RMB12.2 million from approximately RMB122.6 million for the year ended 31 December 2024 to approximately RMB134.8 million for the Year, which was mainly attributable to the factors as described above in this section.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATION *(Continued)*

Net current liabilities and sufficiency of working capital

The table below sets out our current assets, current liabilities and net current liabilities as at 31 December 2025.

	31 December 2025 RMB'000	31 December 2024 RMB'000
Current assets	777,504	753,459
Current liabilities	1,571,949	1,517,925
Net current liabilities	(794,445)	(764,466)

As at 31 December 2025 and 31 December 2024, the net current liabilities of the Group amounted to approximately RMB794.4 million and RMB764.5 million, respectively. In light of the Group's current liquidity position, the unutilised banking facilities available to the Group and our projected cash inflows to be generated from operations, the Directors believe that the Group has adequate resources to meet the Group's present requirements and for the next 15 months.

Borrowings and gearing ratio

During the Year, the Group's cash and cash equivalents was mainly used in the development of plants and wastewater treatment facilities of the Guangdong Huizhou Park, Huazhong Park, Qingshen Park and Huadong Park. The Group financed its funding requirements mainly through a combination of cash generated from operating activities and bank loans. As at 31 December 2025, the total interest-bearing borrowings amounted to RMB3,424.7 million were due for repayment as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 1 year or on demand	822,362	864,857
After 1 year but within 2 years	653,399	493,581
After 2 years but within 5 years	1,179,221	1,285,987
After 5 years	769,680	431,293
Total	3,424,662	3,075,718

As at 31 December 2025, the Group's gearing ratio is approximately 262.2% (31 December 2024: 223.7%). The ratio is calculated based on the total debts (including all borrowings) as of the respective dates divided by the total equity as of the respective dates and multiplied by 100%.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATION *(Continued)*

Capital Management

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

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

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes bank loans and other borrowings and lease liabilities) less cash and cash equivalents and restricted deposits with banks.

The Group's adjusted net debt-to-equity ratio as at 31 December 2025 was as follows:

	At 31 December 2025 RMB'000	At 31 December 2024 RMB'000
Current liabilities:		
Bank loans and other borrowings	822,362	864,857
Lease liabilities	5,982	1,882
	828,344	866,739
Non-current liabilities:		
Bank loans and other borrowings	2,602,300	2,210,861
Lease liabilities	29,654	11,564
	3,460,298	3,089,164
Less: Cash and cash equivalents	(193,182)	(219,405)
Restricted deposits with banks	(47,837)	(47,824)
Adjusted net debt	3,219,279	2,821,935
Total equity	1,305,907	1,375,091
Adjusted net debt-to-equity ratio	2.47	2.05

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATION *(Continued)*

Capital Expenditure

The Group funded its capital expenditure with cash generated from operating activities and bank loans. During the Year, the Group's capital expenditure amounted to approximately RMB777.9 million (for the year ended 31 December 2024: RMB669.4 million), mainly attributable to the expenditures on acquisition of investment property, property, plant and equipment, right-of-use assets and other intangible assets.

Pledged assets

As at 31 December 2025, certain property, plant and equipment and investment property with carrying value of approximately RMB1,186.7 million and RMB939.3 million, respectively (31 December 2024: approximately RMB886.8 million and RMB1,050.6 million, respectively), land-use rights with carrying value of approximately RMB365.3 million (31 December 2024: approximately RMB309.9 million) and restricted deposits with banks with carrying value of RMB47.8 million (31 December 2024: RMB47.8 million) were pledged as security for the bank loans and other borrowings with carrying amount of approximately RMB3,423.5 million (31 December 2024: approximately RMB3,074.6 million).

Please refer to note 25(iii) of the Notes to the Financial Information set out in this annual report for particulars of guarantees made by the connected persons of the Company in favour of the lenders for securing the Group's liabilities. Such guarantees are conducted on normal commercial terms or better and are not secured by the assets of the Group.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2025.

Significant investments, acquisitions and disposals and other material transactions

On 7 November 2025, Taizhou Jincheng Environmental Protection Technology Co., Ltd.* (泰州金成環保科技有限公司) ("**Taizhou Jincheng**"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Guangdong Jinjunda Construction Engineering Co., Ltd.* (廣東金竣達建設工程有限公司) ("**Guangdong Jinjunda**"). Pursuant to the agreement, Guangdong Jinjunda undertook to provide general contracting construction services for the construction of the Group's Guangdong Huizhou Park, Huazhong Park, Qingshen Park and Huadong Park. The total disclosed contract transaction amount is approximately RMB234,030,891.93. For further details, please refer to the Company's announcement dated 9 November 2025.

Save as disclosed above, there was no other significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2025, the Group had 1,079 full-time employees (2024: 1,030 full-time employees) responsible for management, operation, property management, procurement, testing, maintenance, customer services, research and development, finance and administrative matters. The staff costs (including the Directors' remuneration) were approximately RMB185.8 million for the Year, which was an increase of approximately 10.2% as compared with approximately RMB168.6 million for the year ended 31 December 2024. The remuneration for the Directors and senior management members is based on their qualifications, work experience, job duties and position with the Group. The Group has implemented an annual review system to assess the performance of its employees, which forms the basis of the determinations on salary raises, discretionary bonuses and promotion.

The Group has also established various welfare plans including the provision of basic medical insurance, unemployment insurance and other relevant insurance to its employees pursuant to the PRC rules and regulations and the existing policy requirements of the local government. The Group has also made contributions to statutory mandatory provident fund scheme for its employees in Hong Kong.

The Group puts great emphasis on staff training. The Group arranges orientation programs for newly hired staff to familiarise them with the Company's working environment and culture. The Group also regularly provides employees with on-the-job trainings so as to ensure their work performances will meet the Group's strategic goals, operating standards, customer and regulatory requirements. The Company adopted a share option scheme on 18 June 2019 (the **"Share Option Scheme"**) and a share award scheme on 23 May 2025 (the **"Share Award Scheme"**) for the purpose of providing incentives and rewards to eligible directors and employees of the Group. During the Year and up to the date of this annual report, no share option under the Share Option Scheme has been granted.

CAPITAL COMMITMENTS

As at 31 December 2025, the Group's total capital expenditure which have been contracted for but not incurred were approximately RMB267.6 million (31 December 2024: RMB408.1 million) for the development of the ancillary facilities of Guangdong Huizhou Park and Huazhong Park and the development of factory premises and wastewater treatment facilities of the Tianjin Bingang Park, Qingshen Park and Huadong Park. These capital expenditures were mainly financed by internal resources and bank loans and other borrowings.

FOREIGN EXCHANGE RISK

Individual companies within the Group have limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. However, as the principal subsidiaries mainly carried out transactions in RMB, therefore any appreciation or depreciation of Hong Kong dollar against RMB will affect the Group's financial position and be reflected in the exchange reserve.

During the Year, the Group did not use any financial derivatives to hedge against any foreign exchange risks.

INTEREST RATE RISK

The Group's interest rate risk arises primarily from bank loans issued at variable rates that expose the Group to interest rate risk. The Group's management closely monitored the Group's loan portfolio in order to manage the Group's interest rate risk exposure.

MANAGEMENT DISCUSSION AND ANALYSIS

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, restricted deposits with banks and deposits with a bank with original maturity over three months is limited because the counterparties are banks and financial institutions, for which the Group considers having low credit risk.

LIQUIDITY RISK

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Board when the borrowings exceed certain predetermined amount of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Our Board comprises eight Directors, including five executive Directors and three independent non-executive Directors. The following table sets forth certain information relating to our Directors as at the date of this annual report:

Name	Age	Position	Date of Appointment as Director
Mr. Zhang Lianghong	56	Executive Director, chief executive officer and chairman of the Board	7 January 2019
Mr. Huang Qiyang	35	Executive Director	1 January 2024
Mr. Lee Kin Ming	52	Executive Director	26 July 2022
Mr. Huang Shaobo	61	Executive Director	7 January 2019
Mr. Cheung Ka Tsun	27	Executive Director	23 August 2024
Mr. Li Xiaoyan	62	Independent non-executive Director	18 June 2019
Mr. Liu Da	51	Independent non-executive Director	1 March 2023
Ms. Pong Scarlett Oi Lan <i>BBS, JP</i>	66	Independent non-executive Director	23 November 2024

EXECUTIVE DIRECTORS

Mr. Zhang Lianghong (張梁洪), aged 56, is the founder, executive Director, chief executive officer, chairman of the Board, chairman of the nomination committee and member of the remuneration committee of the Board. Mr. Zhang is responsible for the strategic planning, major business decisions and overall management of the Group.

Mr. Zhang has over 24 years of experience in property construction and operation of Surface Treatment Recycling Eco-industrial Parks in the PRC. In July 2001, Mr. Zhang established Boluo Jinchang Trading Company Limited* (博羅縣金昌貿易有限公司) ("**Boluo Jinchang**"), which engaged in the sale of building materials, hardware and chemicals and Huizhou Infrastructure Construction Company Longxi Branch* (惠州市建築基礎工程總公司龍溪工程處) ("**HICC-Longxi**") in July 2005, which principally engaged in contracting of building constructions. Mr. Zhang has served as a general manager of Boluo Jinchang and HICC-Longxi since their respective inception. Since the incorporation of the Group's principal operating entity, Huizhou Kimou Industrial Investment Co., Ltd. in June 2005, Mr. Zhang has been committing substantial time and efforts on the construction and operation of Surface Treatment Recycling Eco- industrial Parks.

Mr. Zhang obtained his high school diploma from Boluo County Longxi High School* (博羅縣龍溪中學) in July 1989. Mr. Zhang was awarded the Outstanding Entrepreneur of Guangdong Environmental Protection Industry* (廣東省環境保護產業優秀企業家) by the Guangdong Association of Environmental Protection Industry* (廣東省環境保護產業協會) in July 2016.

Mr. Zhang is a director of Flourish Investment International Limited, a substantial shareholder (within the meaning under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")) of the Company.

Mr. Zhang is the father of Mr. Cheung Ka Tsun, an executive Director.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS *(Continued)*

Mr. Huang Qiyang (黃啟洋), aged 35 is an executive Director. Mr. Huang is primarily responsible for expanding the Group's overseas operations.

Mr. Huang has previously worked as an engineer and later as the head of the Guangdong branch at China Academy of Industrial Internet, under the Ministry of Industry and Information Technology of the People's Republic of China ("MIIT"). He was responsible for the construction of the Guangdong branch of the National Industrial Internet BigData Center. He has been recognized with honors such as "Forbes 30 Under 30" and the Shenzhen Overseas High-level Talents. He has served as a member of the 12th Guangdong Provincial Youth Federation and the 9th Tianhe District Political Consultative Conference in Guangzhou. He has been engaged in research work in the field of industrial internet, energy conservation and environmental protection, and environmental sensing. He has participated in seven national projects under the MIIT and the Ministry of Science and Technology of the People's Republic of China, including the Industrial Internet Innovation Development Project and the Industrial Technology Basic Public Service Platform. He served as the general manager of Huizhou Kimou Industrial Investment Co., Ltd. (惠州金茂實業投資有限公司) (being an indirect wholly-owned subsidiary of the Company) from 1 January 2023 to 1 June 2025 and as the chief executive officer of the Company from 1 January 2024 to 11 July 2025. He currently serves as an external supervisor at Tsinghua University Shenzhen International Graduate School.

Mr. Huang obtained a bachelor's degree of science from the University of Illinois Urbana-Champaign in 2014, a master's degree of science from Yale University in 2015, and a joint doctoral degree of engineering from Tsinghua University and the University of California, Berkeley in 2019.

Mr. Huang is the son of Mr. Huang Shaobo, an executive Director.

Mr. Lee Kin Ming (李健明), aged 52, is an executive Director. Mr. Lee is responsible for the banking relationship and human resources planning of the Group.

Mr. Lee obtained a bachelor's degree in mathematics from Aberystwyth University in 1997. He worked at Wing Ka Shing Ltd.* (永嘉盛有限公司) as a sales manager from 1998 to 2002. He worked at Wing Ka Shing Ltd. as a director from 2002 to 2019. He has been working in Dongguan Jiesheng Investment Development Co., Ltd.* (東莞傑盛投資開發有限公司) as a director from 2019 to 2021. He has been working as a general manager in Yudu Mingsheng Knitting Co., Ltd.* (于都明盛針織有限公司) since 2021.

Mr. Lee is related to Mr. Lee Yuk Kong, a beneficial owner of a substantial shareholder (within the meaning under the SFO) of the Company, as father and son.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS *(Continued)*

Mr. Huang Shaobo (黃少波), aged 61, serves as an executive Director and financial controller of the Group. Mr. Huang is responsible for the Group's financial planning and corporate development.

Mr. Huang has over 32 years of experience in accounting, asset appraisal as well as mergers and acquisitions advisory. Prior to joining the Group, Mr. Huang held executive positions of several audit and asset appraisal firms in the PRC and as corporate advisors of the PRC or Hong Kong branch of several multinational companies from June 1993 to October 2015, responsible for managerial and corporate advisory. Since January 2001, Mr. Huang has been serving as independent certified asset appraiser of Dakson Asset Appraisal Firm* (惠州德信資產評估事務所), responsible for independent audit work and asset appraisals.

Mr. Huang received his diploma in management from Shanxi Fashion Institute of Technology* (陝西紡織服裝職業技術學院) (formerly known as Shanxi Textile Industry University* (陝西省紡織工業公司職工大學) in July 1986. In May 1997 and December 2001, Mr. Huang was accredited as certified appraiser by the Chinese Appraisal Society and as a certified public accountant by the Chinese Institute of Certified Public Accountants, respectively.

Mr. Huang is the father of Mr. Huang Qiyang, an executive Director.

Mr. Cheung Ka Tsun (張嘉峻), aged 27, is an executive Director of the Company and the general manager of the materials center of the Group. Mr. Cheung is responsible for managing the Group's construction materials procurement business.

Mr. Cheung worked as an assistant to general manager from October 2021 to April 2022 at Jiangsu Jinmao Chengxing Environmental Protection Technology Co., Ltd.* (江蘇金茂成興環保科技有限公司), an indirect non-wholly owned subsidiary of the Company. Mr. Cheung worked in Jingjin Equipment Inc.* (景津裝備股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603279), from April 2022 to April 2023. Mr. Cheung worked as the secretary to the chief executive officer of the Company from May 2023 to June 2024. He currently serves as the general manager of the materials center of the Group.

Mr. Cheung obtained a bachelor's degree in accountancy from RMIT University in Australia in July 2021.

Mr. Cheung is the son of Mr. Zhang Lianghong, an executive Director.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Xiaoyan (李曉岩), aged 62 is an independent non-executive Director and a member of the audit committee, the nomination committee and the remuneration committee of the Board. Mr. Li was appointed as an independent non-executive Director on 18 June 2019. He is responsible for providing independent advice to the Board.

Mr. Li has been serving as the professor at the Department of Civil Engineering of the University of Hong Kong since July 2009 and the professor of Tsinghua Shenzhen International Graduate School since July 2018, respectively. Mr. Li is an expert in solid-liquid separation, membrane filtration and nanotechnology in the field of water and wastewater treatment and resource recovery.

Mr. Li received his bachelor's and his master's degrees in Environmental Engineering from Tsinghua University in the PRC in June 1986 and June 1990, respectively, and subsequently obtained his Ph.D. degree from the University of Arizona in the United States in August 1996.

Mr. Li received the Outstanding Young Overseas Researcher Award from the National Natural Science Foundation of China* (國家自然科學基金委員會) in 2004, the First-Class Scientific Research Outstanding Achievement Award (Science & Technology) in 2012 and the Second-Class State Natural Science Award in 2014 from the Ministry of Education of the PRC* (中華人民共和國教育部).

Mr. Liu Da (劉達), aged 51, is an independent non-executive Director and chairperson of the audit committee of the Board. Mr. Liu was appointed as independent non-executive Director on 1 March 2023. He is responsible for providing independent advice to our Board.

Mr. Liu served as an audit manager and a senior audit manager of PricewaterhouseCoopers ("**PwC**") Guangzhou Office from 1998 to 2009 and Chicago Office from 2005 to 2007. Mr. Liu provided audit and consulting services to a number of global top 500 enterprises and overseas listed Chinese companies during his tenure of office in PwC. Mr. Liu was appointed as an executive director and the chief financial officer of the Landsea Green Properties Co., Ltd.* (朗詩綠色地產有限公司), a company listed on the Main Board of the Stock Exchange (now known as Landsea Green Management Limited* (朗詩綠色管理有限公司), stock code: 106) from 31 July 2013 to 5 January 2015 and was appointed as an independent non-executive director of Longji Tai He Holding Limited* (隆基泰和控股有限公司), a company listed on the Main Board of the Stock Exchange (now known as Xinda Investment Holdings Limited* (鑫達投資控股有限公司), stock code: 1281) from 26 February 2015 to 16 October 2015. Mr. Liu was appointed as an independent director of Guangdong Dongfang Precision Science & Technology Co., Ltd. (廣東東方精工科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002611) from 12 August 2022 to 2 September 2024.

Mr. Liu is currently serving as an independent non-executive director of Heng Fai Enterprises Limited* (恆輝企業控股有限公司), a company listed on the Main Board of the Stock Exchange (now known as Zensun Enterprises Limited* (正商實業有限公司), stock code: 185) since 27 July 2015. Currently, Mr. Liu is the managing partner of Key Wealth Capital Company Limited* (愷華資本有限公司), providing capital market services and overseas mergers and acquisition services to Chinese enterprises.

Mr. Liu graduated from the University of International Business and Economics* (對外經濟貿易大學) with a major in international business administration and obtained a bachelor's degree in Economics. He is also a member of the Chinese Institute of Certified Public Accountants.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Ms. Pong Scarlett Oi Lan (龐愛蘭), BBS, JP, aged 66, is an independent non-executive Director, chairperson of the remuneration committee, member of the audit committee and nomination committee of the Board. Ms. Pong was appointed as an independent non-executive Director on 23 November 2024. She is responsible for providing independent advice to the Board.

Ms. Pong is an advisor to the Our Hong Kong Foundation and the Hong Kong Federation of Handicapped Youth. She is also the board of trustees for New Era Trust, the chief advisor of the Christian New Life Association Limited, and a honorary professor at Hong Kong Nang Yan College of Higher Education. She is now serving as a Hong Kong representative of 13th All-China Women's Federation in China, the chairperson of the Health Promoting School Advisory Committee, and a member of the Election Committee of the Medical and Health Services sector, etc.

Ms. Pong was the chairperson of Action Committee Against Narcotics Sub-committee on Prevention Education and Publicity, a part-time member of the Central Policy Unit, the council member of the Baptist University and vice chairperson of the Campus Development and Facilities Management Committee; a member of the Grantham Scholarships Fund Committee, the Commission on Youth, the Assessment Panel of the Innovation and Technology Fund, the Women's Commission and convenor of the Collaboration and Promotion Working Group.

Ms. Pong was an awardee of the Ten Outstanding Young Persons Award in 1998 and China 100 Outstanding Women Entrepreneur Award in 2007. In July 2010, she was appointed as a Justice of the Peace by the Hong Kong Special Administrative Government and was awarded a Bronze Bauhinia Star in 2016.

Ms. Pong served as an independent non-executive director of South China Assets Holdings Limited, a company listed on the GEM Board of the Stock Exchange (cancellation of listing in March 2022, stock code: 8155) from March 2008 to March 2022; and served as an independent non-executive director of South China Holdings Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0413) since September 2020.

Ms. Pong has been appointed as a member of the 7th term Sha Tin District Council (2024–2027) by the Hong Kong Special Administrative Government in December 2023. She has been appointed in a number of government boards and committees such as a board member of the Hospital Authority, a member of the Health and Medical Development Advisory Committee, the Dental Subcommittee, etc.

Ms. Pong obtained a Master of Arts from Macquarie University in Australia and a bachelor's degree in pharmaceutical sciences from the University of Saskatchewan in Canada and completed her executive program at Harvard Business School in the United States of America.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Zhang Lianghong (張梁洪), aged 56, is an executive Director, chief executive officer and the chairman of the Board of the Company. His profile is set out in the paragraph headed “Executive Directors” above.

Mr. Huang Qiyang (黃啟洋), aged 35, is an executive Director of the Company. His profile is set out in the paragraph headed “Executive Directors” above.

Mr. Lee Kin Ming (李健明), aged 52, is an executive Director of the Company. His profile is set out in the paragraph headed “Executive Directors” above.

Mr. Huang Shaobo (黃少波), aged 61, is an executive Director of the Company and financial controller of the Group. His profile is set out in the paragraph headed “Executive Directors” above.

Mr. Cheung Ka Tsun (張嘉峻), aged 27, is an executive Director of the Company and the general manager of the materials center of the Group. His profile is set out in the paragraph headed “Executive Directors” above.

Mr. Lai Liangquan (賴亮全), aged 49, is the chief financial officer of the Company. Mr. Lai joined the Group in April 2021. Mr. Lai is responsible for the overall financial strategy, planning and financial management of the Company.

Mr. Lai has over 23 years of solid experience in finance, accounting, internal control, investment and merger and compliance. Before joining our Group, he held accounting and financial management positions at NVC International Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 2222), TCL Technology Group Corporation (a company listed on the Shenzhen Stock Exchange, stock code: 00100), CNOOC and Shell Petrochemical Company Limited and Dongguan Hucuis Printing Company Limited (a company listed on the National Equities Exchange and Quotations, stock code: 834295). Mr. Lai has been serving as an independent non-executive director of China Health Group Limited (a company listed on the Hong Kong Stock Exchange, stock code: 673) from March 2019 to October 2025. Mr. Lai graduated from Xi’an Jiaotong University in the PRC with a bachelor’s degree in accounting in 2001, and is a member of The Chinese Institute of Certified Public Accountants and a member of China Certified Tax Agents Association.

REPORT OF THE DIRECTORS

The Board presents the annual report together with the audited consolidated financial statements (the “**Consolidated Financial Statements**”) of the Group for the Year.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company was incorporated in the Cayman Islands on 28 June 2018 as an exempted company with limited liability under the laws of the Cayman Islands. The Group principally operates its business through its indirect subsidiaries. Since the Group’s inception in 2004, it has engaged in the development and operation of Surface Treatment Recycling Eco-industrial Parks (formerly described as Electroplating Industrial Parks) and the provision of centralized wastewater treatment services in the PRC under three business segments, namely, (1) rental and facilities usage; (2) wastewater treatment and utilities; and (3) sales of goods and ancillary business. During the Year, there is no significant change for the Group’s principal activities. Details of principal activities of the major subsidiaries of the Company are set out in Note 16 of the Notes to the Financial Statements of this annual report.

A detailed review on the Group’s business performance and the material factors underlying its financial position during the Year, as well as the development and likely future prospects of the Group’s business are provided throughout this annual report and in particular under the following separate sections:

- (a) review of the Company’s business and financial position; and development and future prospects of the Company’s business are shown in the sections headed “Chairman’s Statement” and “Management Discussion and Analysis” of this annual report;
- (b) details of key performance indicators are set out in the section headed “Management Discussion and Analysis” of this annual report; and
- (c) the principal risks and uncertainties facing the Company are set out in the paragraph headed “Risks and Uncertainties” of this report of the Directors.

RISKS AND UNCERTAINTIES

The Group’s businesses, financial condition, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group’s businesses. The risk factors set out below are those that could result in the Group’s businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

RISKS	MAJOR RELEVANT ALLEVIATING MEASURES
Business/Market risks	
The Group’s business is highly dependent on the performance of the electroplating industry in the PRC.	The Group reviews its competitive edges in view of the industry, market conditions and customer preferences through the industry seminars in a timely manner in order to formulate responsive marketing and development strategy.
The PRC electroplating industry is affected by many factors, including changes in the PRC’s political, economic and legal environment, and demand for electroplate products. Any market downturn would have a material adverse impact on the Group’s business, financial condition and, results of operations and prospects.	

RISKS AND UNCERTAINTIES *(Continued)*

RISKS	MAJOR RELEVANT ALLEVIATING MEASURES
<p>Compliance Risks</p> <p>The Group's operations are subject to the environmental protection, safety and health laws and regulations in the PRC. Any changes in legislative or regulatory requirements may necessitate to involve financial and other resources for substantial upgrades and improvements of the Group's wastewater treatment technologies and facilities.</p>	<p>The Group is able to obtain and update itself the latest environmental protection, safety and health laws and regulations by closely monitoring of legal and regulatory pronouncements from the PRC government by its industry experts and in-house training for regulatory updates are conducted regularly to our employees.</p> <p>A real time automated monitoring system and control measures for controlling the level of pollutants in the whole cycle of wastewater treatment process ensure the due compliance with relevant discharge standards.</p>
<p>Investment Risks</p> <p>The establishment of a new Surface Treatment Recycling Eco-industrial Park is capital intensive. Failure to obtain sufficient of funds from our operations or banks may disrupt the project development plans which may materially and adversely affect the financial conditions and future prospects of the Group.</p>	<p>In order to finance the growth of the Group and its strategic expansions, the Group requires substantial funding resources and a strong capital base. The Group's finance department is responsible to manage its relationship with banks and other financial institutions and to closely monitor the Group's cash flow adequacy. The Group may consider other fund raising activities, such as share placements, the issuance of convertible bonds, etc. to strengthen the Group's capital base and bank/ other borrowings and trade facilities to improve its financial position if necessary.</p>

COMPLIANCE WITH LAWS AND REGULATIONS

The Group has complied with the relevant laws and regulations that have significant impact on the operations of the Group, and will pay close attention to any new changes in laws and regulations.

During the Year and up to the date of this Report of the Directors, the Board was not aware of any relevant legal and regulatory violations that have a significant impact on the business and operations of the Group.

Further discussion on the Group's compliance with laws and regulations will be disclosed in the environmental, social and governance report of the Company for the Year to be published together with the annual report of the Company.

REPORT OF THE DIRECTORS

RESULTS AND DIVIDEND

For the Year, the results of the Group are set out in the Consolidated Financial Statements on pages 63 to 70 of this annual report.

On March 27, 2026, the Board of Directors proposed that no final dividend be paid for the Year (2024: HK\$15 cents per share) to reserve more funds for the construction and operation of the Huadong Park.

None of the shareholders of the Company has waived or agreed to waive any dividends.

ANNUAL GENERAL MEETING AND CLOSURE OF THE 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) and during which no share transfer of the Company will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting of the Company (the "AGM") to be held on Friday, 22 May 2026.

In order to be eligible to attend and vote at the AGM, all transfer of shares of the Company accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 18 May 2026.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close relationship with its employees, providing professional and quality services to its customers and enhancing cooperation with its business partners, so that all parties can benefit and intensive, agglomerated and clustered development of Surface Treatment Recycling Eco-industrial Parks can be promoted, assisting the quality development of regional economies and high-standard environmental protection.

FINANCIAL SUMMARY

For the Year, a summary of the published results and of the assets and liabilities of the Group, together with the financial results and of the assets and liabilities for the five years ended 31 December 2025, is set out in the section headed "Five Year Financial Summary" of this annual report.

PROPERTY, PLANT AND EQUIPMENT

For the Year, details of movement in the Group's property, plant and equipment are set out in Note 11 of the Notes to the Financial Statements of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environment protection and is devoted to supporting environmental sustainability. It has not noted any material non-compliance with any relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group will continue to fulfill its mission of “protecting the environment and benefiting mankind”, adhering to the concept of green, low-carbon and circular development. With the help of a broader capital market, we continue to construct parks at various sites, steadily implementing our strategic plan, and promoting high-quality economic development and protecting our environment, and playing a part in allowing mankind to live in harmony with nature in China.

Further details of the Group’s policies and performance will be disclosed in the environmental, social and governance report of the Company for the Year to be published together with the annual report of the Company.

BANK AND OTHER BORROWINGS

Details of bank and other borrowings of the Group as at 31 December 2025 are set out in Note 25 of the Notes to the Financial Statements of this annual report.

SHARE CAPITAL

For the Year, details of movements in the share capital of the Company are set out in Note 29 of the Notes to the Financial Statements of this annual report.

RESERVES

For the Year, details of movements in the reserves of the Group and the Company are set out in the Consolidated Statement of Changes in Equity on pages 67 to 68 and in Note 29 of the Notes to the Financial Statements of this annual report, respectively.

DISTRIBUTABLE RESERVES

Pursuant to applicable statutory provisions of the Cayman Islands, the Company’s reserves (ie. Share premium) available for distribution to the shareholders of the Company as at 31 December 2025 amounted to approximately HK\$944,685,000 (equivalent to RMB853,258,000) (2024: HK\$410,929,000 (equivalent to RMB380,520,000)).

CHARITABLE DONATIONS

During the Year, the Group made charitable donations amounting to RMB60,000.

PURCHASE, SALE OF REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities (including the sale or transfer of treasury shares). As at 31 December 2025, the Company did not hold any treasury shares (as defined under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a public float above the minimum requirements prescribed under the Listing Rules during the Year and as at the date of this annual report.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association ("**Articles of Association**"), or the laws of the Cayman Islands, which would oblige the Company to offer new shares of the Company on a pro-rata basis to its existing Shareholders.

DIRECTORS

The Directors during the Year and up to the date of this annual report were:

Executive Directors

Mr. Zhang Lianghong (*Chairman and Chief Executive Officer, appointed Chief Executive Officer with effect from 11 July 2025*)

Mr. Huang Qiyang (*Chief Executive Officer, resigned with effect from 11 July 2025*)

Mr. Lee Kin Ming

Mr. Huang Shaobo

Mr. Cheung Ka Tsun

Independent Non-Executive Directors

Mr. Li Xiaoyan

Mr. Liu Da

Ms. Pong Scarlett Oi Lan, *BBS, JP*

In accordance with Article 16.2 and Article 16.18 of the Articles of Association, Mr. Huang Shaobo, Mr. Li Xiaoyan and Mr. Liu Da will retire by rotation at the AGM and, being eligible, will offer themselves for re-election.

DIRECTORS' PROFILES

Details of the Directors' profiles are set out in the section headed "Profiles of Directors and Senior Management" of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either the Director or the Company.

Each of the independent non-executive Directors has signed an appointment letter with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either of the Director or the Company. Under the respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee.

The appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

None of the Directors (including the Directors proposed for re-election at the AGM) have a service contract with members of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. Based on such confirmations, the Company considers that all of the independent non-executive Directors are independent as they were free from any business or other relationship which could affect their ability to discharge their duties independently in accordance with Rule 3.13 of the Listing Rules.

CONTRACT WITH CONTROLLING SHAREHOLDERS AND THEIR PLEDGED SHARES

As at 31 December 2025, Flourish Investment International Limited held 48.07% of the Company's issued shares and was the controlling shareholder of the Company. During the Year, to the best knowledge of the Company, none of the controlling shareholders pledged their shares pursuant to Rule 13.17 of the Listing Rules.

Other than the related transactions disclosed in Note 33(b) of the Notes to the Financial Statements on page 132 in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries during the Year or subsisted at the end of the year and no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries was entered into during the Year or subsisted at the end of the year.

DIRECTOR'S INTEREST IN TRANSACTIONS, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Other than the related transactions disclosed in Note 8 and Note 33 of the Notes to the Financial Statements on pages 96 to 97 and on pages 131 to 133 in this annual report, during the Year or at any time of the Year, none of the Directors or entities related to the Directors has a material interest, directly or indirectly, in any transaction, arrangement or contract in which the Company or any of its subsidiaries is involved and which is of material significance to the business of the Group.

REMUNERATION POLICY

The Group's remuneration policy is to compensate our employees based on their performance, qualifications and our results of operations. The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Group are set out in Note 8 and Note 9 of the Notes to the Financial Statements on pages 96 to 98 in this annual report.

For the Year, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the Directors had waived or agreed to waive any emoluments for the Year.

Except as disclosed above, no other payments had been made or were payable, for the Year, by our Group to or on behalf of any of the Directors.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the Year or at any time during the Year.

EQUITY-LINKED AGREEMENTS

During the Year, save for the Share Option Scheme and the Share Award Scheme of the Company, the Company did not enter into any equity-linked agreement.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceedings during the Year.

LOAN AND GUARANTEE

During the Year, the Group had not made any loan, quasi-loans or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the controlling shareholders of the Company or their respective connected persons.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 18 June 2019. The purpose of the Share Option Scheme is to recognise and acknowledge the contributions that the Eligible Participants (as defined below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

(a) Purpose

- (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of our Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

SHARE OPTION SCHEME *(Continued)*

(b) Eligible Participants

The eligible participants of the Share Option Scheme (the “**Eligible Participants**”) include:

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive directors) of our Company or any of its subsidiaries; and
- (iii) any advisers, consultants, agents, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to our Company and/or any of its subsidiaries.

(c) Maximum number of shares

The total number of Shares that may be issued upon exercise of all share options granted and to be granted must not in aggregate exceed 10% of the Shares in issue at the date of adoption of the Share Option Scheme (i.e. 112,000,000 Shares). Subject to the issue of a circular by our Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) refresh this 10% limit at any time to 10% of the issued share capital of the Company as at the date of the approval by the Shareholders in general meeting; and/or
- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board subject to the approval for refreshment of 10% limit as mentioned in (i) above.

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 schemes of our Company at any time shall not exceed 30% of the issued share capital of the Company from time to time. No options shall be granted under any schemes of the Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of the Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with whether by way of consolidation, capitalisation issue, rights issue, sub-division or reduction of the share capital of the Company but in no event shall exceed the limit prescribed in this paragraph.

The outstanding number of share options available for grant under the Share Option Scheme at the date of this annual report is 112,000,000 share options to subscribe for the Shares, representing 10.1% of the issued share capital of the Company.

The total number of shares that may be issued under the Share Option Scheme during the Year was nil as there was no option granted during the Year.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME *(Continued)*

(d) Maximum entitlement of each Eligible Participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of our Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), and/or other information required under the Listing Rules; and
- (ii) the approval of the Company's shareholders in general meeting with such Eligible Participant and his/her close associates (as defined in the Listing Rules) (or his/her associates if the Eligible Participant is a core connected person) abstaining from voting.

(e) Acceptance of an offer of share options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favour of the Company of HK\$1 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date.

Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(f) Period which an option must be held before exercised

The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than ten years after it has been granted. In addition, a grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(g) Basis of determining the subscription price of the share option

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the official closing price of our Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of our Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

SHARE OPTION SCHEME *(Continued)*

(h) Life of the Share Option Scheme

Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period commencing on the Listing Date (i.e. 16 July 2019) and ending on 15 July 2029 (both dates inclusive), after which no further options shall be offered but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme. The remaining life of the Share Option Scheme is approximately four years.

Since its adoption, no share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme.

SHARE AWARD SCHEME

The Company has adopted the Share Award Scheme on 23 May 2025. The purpose of this Scheme is to (i) provide the Selected Participants with an opportunity to obtain a proprietary interest in the Company; (ii) to provide incentives to Selected Participants to contribute to the Company; and (iii) to enable the Company to recruit high-calibre employees and attract human resources that are valuable to the Group. The Scheme shall be solely funded by existing Shares. Further details regarding the rules of the Share Award Scheme are set forth in the Company's announcement dated 26 May 2025.

Since the adoption of the Share Award Scheme, no awards have been granted, vested, lapsed, or canceled, and the number of outstanding awards available for grant under the Share Incentive Plan as of the date of adoption and at the end of the review period was 55,387,500.

REPORT OF THE DIRECTORS

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

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 to the Listing Rules, were as follows:

Name of Director/Chief Executive	Capacity/Nature of interest	Number of Shares or underlying Shares held ⁽¹⁾	Approximate percentage of shareholding interest in the Company ⁽¹⁾
Mr. Zhang Lianghong (“Mr. Zhang”)	Interest in a controlled corporation ⁽²⁾	532,528,000	48.07%
Mr. Huang Shaobo (“Mr. Huang”)	Interest in a controlled corporation ⁽³⁾	29,278,000	2.64%
Mr. Huang Qiyang	Beneficial owner and interest of spouse ⁽⁴⁾	6,096,000	0.55%

Notes:

- (1) All interests stated are long positions. The approximate percentage of shareholding interest in the Company was calculated based on the total number of 1,107,750,000 shares in issue as at 31 December 2025.
- (2) Such shares were registered in the name of Flourish Investment International Limited, a company wholly owned by Mr. Zhang. By virtue of Part XV of the SFO, Mr. Zhang is deemed to be interested in all the shares held by Flourish Investment International Limited.
- (3) Such shares were registered in the name of Dakson Assets Management Limited, a company wholly owned by Mr. Huang. By virtue of Part XV of the SFO, Mr. Huang is deemed to be interested in all the shares held by Dakson Assets Management Limited.
- (4) Such shares consist of 468,000 shares directly held by Mr. Huang Qiyang and 5,628,000 shares directly held by his spouse, Ms. Wang Meiqi. By virtue of Part XV of the SFO, Mr. Huang Qiyang is deemed to be interested in all the shares held by Ms. Wang Meiqi.

Save as disclosed above, as at 31 December 2025, none of the Directors and/or chief executive of the Company nor their associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which would be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year was the Company or its holding company (if applicable), subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or the chief executives of the Company or their associates to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.

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

As at 31 December 2025, to the best knowledge of the Directors, the table below listed out the persons (other than the Directors or chief executives of the Company), who had interests in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to provision of Division 2 and 3 of Part XV of the SFO, or as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of Shares or underlying Shares held ⁽¹⁾	Approximate percentage of shareholding interest in the Company ⁽¹⁾
Flourish Investment International Limited ⁽²⁾	Beneficial owner	532,528,000	48.07%
Premier Investment Worldwide Company Limited ⁽³⁾	Beneficial owner	239,400,000	21.61%
Mr. Lee Yuk Kong ⁽⁴⁾	Interest in a controlled corporation and beneficial owner	251,920,000	22.74%

Notes:

- (1) All interests stated are long positions. The approximate percentage of shareholding interest in the Company was calculated based on the total number of 1,107,750,000 shares in issue as at 31 December 2025.
- (2) Flourish Investment International Limited is a company wholly owned by Mr. Zhang, an executive Director, chief executive officer and the chairman of the Board. By virtue of Part XV of the SFO, Mr. Zhang is deemed to be interested in all the Shares held by Flourish Investment International Limited.
- (3) Premier Investment Worldwide Company Limited is a company wholly owned by Mr. Lee Yuk Kong, a former executive Director who resigned on 26 July 2022 and is the father of Mr. Lee Kin Ming, an executive Director. By virtue of Part XV of the SFO, Mr. Lee is deemed to be interested in all the Shares held by Premier Investment Worldwide Company Limited.
- (4) Mr. Lee Yuk Kong is interested in aggregate of 251,920,000 shares via 239,400,000 shares held by Premier Investment Worldwide Company Limited and 12,520,000 shares held by him personally.

Save as disclosed above, as at 31 December 2025, the Directors and the senior management of the Company are not aware of any other person who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of Part XV of the SFO. °

REPORT OF THE DIRECTORS

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme, at no time during and at the end of the Year was the Company or any of its subsidiaries, holding companies, or any of the subsidiary undertakings (within the meaning of the Companies (Directors' Report) Regulation (Cap. 622D of the Laws of Hong Kong)) of the Company and such holding companies a party to any arrangements whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, none of the Directors and chief executive of the Company (including their spouses and children under the age of 18) had any interests in or was granted any right to subscribe for the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the Group's five largest customers accounted for less than 30% of the Group's total revenue.

During the Year, the Group's largest supplier accounted for 16.4% of the Group's total purchase and the Group's five largest suppliers accounted for 49.8% of the Group's total purchase.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any of the Company's shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

HUMAN RESOURCES

As at 31 December 2025, the Group had 1,079 full-time employees in the PRC and in Hong Kong responsible for management, operation, property management, procurement, testing, maintenance, customer services, research and development, finance and administrative matters. The Group has entered into employment contracts with its employees to cover matters such as position, terms of employment, wages, employee benefits and liabilities for breaches and grounds for termination.

Remuneration of the Group's employees includes basic wages, allowance, bonuses and other employee benefits, and is determined with reference to their experience, qualifications, job duties and position with the Group. The emolument policy for the employees of the Group is set up by the Board on the basis of their merit, qualification and competence. The Group provides regular training to its employees in order to improve their skills and knowledge.

The Group provide orientation programmes for new employees to familiarise them with our working environment and culture. The Group will also arrange on-the-job trainings for our employees which aim at developing their skills so as to meet our strategic goals, operating standards, customer requirements and regulatory requirements.

The Group adopted the Share Option Scheme on 18 June 2019 and the Share Award Scheme on 23 May 2025 for the purpose of providing incentives and rewards to eligible directors and employees of the Group.

RETIREMENT BENEFITS SCHEME

The Group's employees in Hong Kong have all participated in the Mandatory Provident Fund Scheme in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when they are contributed into the scheme. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions cannot be used to reduce the contributions payable by the Group.

The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of this retirement benefits scheme. Under this retirement benefits scheme, no forfeited contributions will be used by the employers to reduce the existing level of contributions.

Details of the pension obligations of the Company are set out in Note 6(b) of the Notes to the Financial Statements on pages 92 to 93 in this annual report.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with "related parties" as defined under the applicable accounting standards, the details of which are set out in Note 33 of the Notes to the Financial Statements on pages 131 to 133.

All related party transactions are fully exempt under Chapter 14A of the Listing Rules. The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

The amounts of related party transactions disclosed in Note 33 of the Notes to the Financial Statements in this annual report are recognised in accordance with Hong Kong Accounting Standards ("HKASs").

PERMITTED INDEMNITY PROVISION

In accordance with the Articles of Association, each Director is entitled to be indemnified out of the assets of the Company against all losses or legal liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted. The Company has arranged appropriate directors' and officers' liability coverage for the Directors and officers of the Company.

REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders of the Company ("**Shareholders**") as a whole. The Company has adopted and committed to a code of corporate governance, containing the code provisions set out in the Corporate Governance Code ("**CG Code**") contained in the Appendix C1 to the Listing Rules, except for a deviation from the code provision C.2.1 of Part 2 of the CG Code, the roles of chairman of the Board and chief executive officer of the Company are not separate and are both performed by Mr. Zhang Lianghong.

The Board believes that vesting the roles of both the Chairman of the Board and the Chief Executive Officer of the Company in the same person can facilitate the execution of the Group's business strategies and boost the effectiveness of its operations. Therefore, the Board considers that the deviation from the code provision C.2.1 of Part 2 of the CG Code is appropriate in such circumstances. In addition, under the supervision of the Board, which is comprised of five executive Directors and three independent non-executive Directors, the Board is appropriately structured with a balance of power to provide sufficient checks to protect the interests of the Company and the shareholders of the Company.

As always, the Directors will use their best endeavours to procure the Company to comply with the requirements under the CG Code and make disclosure of deviation from such code in accordance with the Listing Rules.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" of this annual report.

Model Code for Securities Transactions

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and all of them have confirmed that they have complied with all relevant requirements as set out in the Model Code during the Year, the details are set out in the "Corporate Governance Report" on pages 40 to 57 of this annual report.

AUDITORS

The Company could not reach a consensus with KPMG (the "**KPMG**") in respect of the audit fee of the Company for the year ended 31 December 2024. After considering the facts and circumstances, the Audit Committee made a recommendation to the Board to seek the approval of the Shareholders regarding the proposed removal of KPMG as the auditor of the Company (the "**Proposed Removal**"). The Board is of the view that the Proposed Removal would enable the Company to carry out effective cost control and reduce operating expenses of the Company to better cope with the future business development of the Group and is in the best interest of the Company and its Shareholders as a whole, and therefore proposed to seek the approval of the Shareholders regarding the Proposed Removal. The Proposed Removal was subject to the passing of an ordinary resolution at the extraordinary general meeting (the "**2024 EGM**") pursuant to the Articles of Association.

After reviewing the proposed scope of services, size, capacity, relevant industry experience and quotations from several other professional accounting firms, the Audit Committee had assessed and considered that BDO Limited (the "**BDO**") are qualified and suitable to carry out duties of the auditor of the Company. Based on the recommendation of the Audit Committee, the Board resolved to propose that the Shareholders approve the appointment of BDO (the "**Proposed Appointment**") as the new auditor of the Company, to fill the casual vacancy following the removal of KPMG and to hold office until the conclusion of the next annual general meeting of the Company. The Proposed Appointment was subject to the Proposed Removal becoming effective and the passing of an ordinary resolution in respect of the Proposed Appointment at the 2024 EGM and the completion of the client acceptance process by BDO.

REPORT OF THE DIRECTORS

AUDITORS *(Continued)*

The Proposed Removal and the Proposed Appointment were duly passed by the Shareholders by way of poll at the 2024 EGM held on 20 November 2024.

The Consolidated Financial Statements for the Year have been audited by BDO, Certified Public Accountants. A resolution to reappoint BDO as our auditor will be submitted for shareholders' approval at the forthcoming annual general meeting of the Company.

Save as disclosed above, during the previous three financial years to date, there has been no change in auditor.

EVENTS AFTER THE REPORTING PERIOD

As the Company is aware after having made reasonable enquiries, there were no material subsequent events affecting the Group after 31 December 2025 and up to the date of this report.

On behalf of the Board

Zhang Lianghong

Chairman

Hong Kong, 27 March 2026

CORPORATE GOVERNANCE REPORT

CORPORATE STRATEGY AND CULTURE

Kimou is committed to fulfilling its mission of “Protecting Environment for Human Welfare (保護環境·造福人類)” and its aim of “Creating Industry Benchmark and Building a Model for Water Control” (創行業標桿·樹治水典範), with a vision of “adhering to green development and promoting the harmonious coexistence of mankind and nature (堅持綠色發展·促進人與自然和諧共生)”. We are a large-scale Surface Treatment Recycling Eco-industrial Park operator in PRC with wastewater treatment as the core business, and have five large-scale Surface Treatment Recycling Eco-industrial Parks in Huizhou, Guangdong; Jinghai, Tianjin; Jingzhou, Hubei; Qingshen, Sichuan; and Taixing, Jiangsu respectively. With a business presence in southern, northern, central, western, eastern China, we endeavour to promote the intensification, agglomeration and clustering of surface treatment industry to foster the high-quality regional economic development and high-level environmental protection. In the future, Kimou will evolve and mature with a higher sense of duty and social responsibility, and higher standards and requirements, to build green and environmental Surface Treatment Recycling Eco-industrial Parks to contribute to ecological environment protection and green economic development.

Adhering to the people-oriented approach is Kimou’s traditional management culture, and talents are the important productivity of the Group. The Board and the management are committed to promoting a good corporate culture, matching the right talent to the right roles, making the best use of talents, and inspiring employees to be innovative and to have a sense of duty for the environmental eco-industrial parks. We emphasize and promote within the Group the philosophy of acting in a legal, ethical and responsible manner.

Corporate Governance Practices

The Company is committed to achieving and maintaining high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, set up business strategy and measures, and enhance its transparency and accountability. The Company has developed and implemented sound corporate governance policies and measures of which the Board is responsible for performing. The Board will continue to review and monitor the corporate governance of the Company, as well as various internal policies and procedures, including but not limited to those applicable to employees and Directors, with reference to the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company.

As always, the Directors will use their best endeavours to procure the Company to comply with the requirements under the CG Code and make disclosure of deviation from such code in accordance with the Listing Rules.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding its Directors’ securities transactions. The Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code during the Year.

The Company has also established written guidelines no less exacting than the Model Code for securities transactions by the relevant employees who are likely to be in possession of unpublished price-sensitive information of the Company (the “**Employees Written Guidelines**”). The Company is not aware of any incident of non-compliance of the Employees Written Guidelines by the relevant employees.

BOARD OF DIRECTORS

Function of the Board

The Board is responsible for leadership and the internal control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board has general powers for the management and conducting the Company's business. The day-to-day operations and management are delegated by the Board to the management of the Group, which will implement the strategy and direction as determined by the Board.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

As of the date of this annual report, the Board consists of eight Directors, comprising five executive Directors and three independent non-executive Directors.

In compliance with Code provision C.2.1, the roles of chairman and chief executive officer should be separated. However, Mr. Zhang Lianghong is both the chairman of the Board and chief executive officer of the Company that deviated from the requirement under code provision C.2.1 of Part 2 of the CG Code. The Board believes that vesting the roles of both the Chairman of the Board and the chief executive officer of the Company in the same person can facilitate the execution of the Group's business strategies and boost the effectiveness of its operations. Therefore, the Board considers that the deviation from the code provision C.2.1 of Part 2 of the CG Code is appropriate in such circumstances. In addition, under the supervision of the Board, which is comprised of five executive Directors and three independent non-executive Directors, the Board is appropriately structured with a balance of power to provide sufficient checks to protect the interests of the Company and the shareholders of the Company.

The biographical details of the Directors are set out in the section headed "Profiles of Directors and Senior Management" of this annual report. Save as disclosed in the section headed "Profiles of Directors and Senior Management" of this annual report, there are no relationships (including financial, business, family or other material or relevant relationships) among members of the Board.

The biographical details of the Directors are set out in the section headed "Profiles of Directors and Senior Management" of this annual report. Save as disclosed in the section headed "Profiles of Directors and Senior Management" of this annual report, there are no relationships (including financial, business, family or other material or relevant relationships) among members of the Board.

The Directors during the Year and up to the date of this annual report were:

Executive Directors

Mr. Zhang Lianghong
(appointed as chief executive officer from 11 July 2025)

Chief executive officer of the Company (appointed as chief executive officer from 11 July 2025), Chairman of the Board, Chairperson of the Nomination Committee and Member of the Remuneration Committee

Mr. Huang Qiyang
(resigned as chief executive officer from 11 July 2025)

Mr. Lee Kin Ming
Mr. Huang Shaobo
Mr. Cheung Ka Tsun

CORPORATE GOVERNANCE REPORT

Independent Non-executive Directors

Mr. Li Xiaoyan

Member of the Audit Committee, the Remuneration Committee and the Nomination Committee

Mr. Liu Da

Chairperson of the Audit Committee

Ms. Pong Scarlett Oi Lan, *BBS, JP*

Chairperson of the Remuneration Committee, Member of the Audit Committee and the Nomination Committee

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

During the Year, the Board has complied with Rules 3.10 and 3.10A of the Listing Rules by appointing at least three independent non-executive Directors (representing at least one-third of the Board), with one independent non-executive Director (Mr. Liu Da) possessing appropriate professional qualifications, accounting, or related financial management expertise. Each independent non-executive Director should inform our Company as soon as possible if there is any change of circumstances which may affect his/her independence pursuant to Rule 3.13 of the Listing Rules. No such notification was received during the Year. Meanwhile, the Company has received an annual confirmation of independence from each of Mr. Liu Da, Mr. Li Xiaoyan and Ms. Pong Scarlett Oi Lan BBS, JP, being all the independent non-executive Directors, pursuant to the factors set out in Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all independent non-executive Directors are independent.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

All independent non-executive Directors are appointed for a term of three years and subject to retirement and rotation under the Articles of Association.

Appointment and Re-election of Directors

Directors of the Company have been appointed for a specific term, subject to re-election. All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The procedures and process of appointment, re-election and removal of directors are laid down in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors.

Each of the executive Directors has entered into a service contract with the Company for a term of three years with effect from their respective date of appointment subject to termination by not less than three months' written notice served by either the executive Directors or the Company.

Each of the independent non-executive Directors has signed an appointment letter with the Company for a term of three years with effect from their respective date of appointment subject to termination by not less than three months' written notice served by either the independent non-executive Directors or the Company.

The above appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

According to Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after the appointment and shall then be eligible for re-election at that meeting.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS *(Continued)*

Appointment and Re-election of Directors *(Continued)*

According to Article 16.18 of the Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed pursuant to Article 16.2 or Article 16.3 shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. Accordingly, Mr. Huang Shaobo, Mr. Li Xiaoyan and Mr. Liu Da will retire at the forthcoming annual general meeting and being eligible, will offer themselves for re-election at the AGM.

None of the Directors including those who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company that is not determinable by the Company or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

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

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

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

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company.

Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the chief executive officer and the senior management. The delegated functions and work tasks are periodically reviewed.

Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

CORPORATE GOVERNANCE REPORT

MECHANISM FOR THE BOARD TO OBTAIN INDEPENDENT VIEWS AND OPINIONS

The Company has established a mechanism to ensure independent views and inputs are available to the Board, and ensure the independence of the Board as a critical measure to improve the efficiency of the Board. The mechanism covers Directors' access to external professional advisers; and Directors' right to obtain additional information and documents from the management on matters to be discussed at Board meetings. During the Year, the Board has conducted review of the implementation and effectiveness of the mechanism and considered that the mechanism have been implemented effectively.

BOARD COMMITTEES

The Company has three principal Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively, the "**Board Committees**") to oversee particular aspects of the Company's affairs. Each of the Board committees operates under its own written terms of reference which states their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The Board committees should report to the Board for their decisions or recommendations made and they shall be provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The Board established the Audit Committee with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules and the CG Code. Rule 3.21 of the Listing Rules requires the Audit Committee to comprise non-executive directors only and have a minimum of three members with independent non-executive directors in majority and at least one independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.

As at the date of this annual report, the Audit Committee consists of three members, namely Mr. Liu Da, Mr. Li Xiaoyan and Ms. Pong Scarlett Oi Lan BBS, JP, the independent non-executive Directors. Mr. Liu Da is the chairperson of the Audit Committee, who has appropriate professional qualifications or accounting or related financial management expertise. None of them is a member of the former or existing auditors of the Company for the two years immediately preceding the date of their appointments. The terms of reference of the Audit Committee are published on the Company's website and the website of the Stock Exchange.

Under its terms of reference, the primary duties of the Audit Committee are to review and supervise, and provide an independent view of the effectiveness of, the financial reporting process and the risk management and internal control systems of the Group, oversee the audit process, review the financial information of the Company and maintain the relationship with the auditors of the Group and perform other duties and responsibilities as assigned by the Board.

BOARD COMMITTEES *(Continued)*

Audit Committee *(Continued)*

During the Year, the Audit Committee held three meetings, and the attendance of each member is set out in the section headed “Board meetings and general meetings” below. A summary of the work performed by the Audit Committee during the Year is listed below:

- reviewed the Group’s annual financial statements for the year ended 31 December 2024 and interim financial statements for the six months ended 30 June 2025 and the related result announcements, documents and other matters or issues raised by external auditor of the Company;
- reviewed the terms of engagement of external auditor of the Company;
- discussed and confirmed with the management the effectiveness of the Group’s financial reporting process, risk management and internal control systems;
- reviewed internal audit function and its effectiveness;
- reviewed the terms of reference of the Audit Committee; and
- engagement of non-audit services and relevant scope of works, connected transactions, continuing connected transactions and their annual caps and significant issues such as arrangements for employees to raise concerns about possible improprieties.

For the Year, the Audit Committee also met the external auditors three times.

Remuneration Committee

The Board established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules requires an issuer to establish a remuneration committee chaired by independent non-executive director and comprising a majority of independent non-executive directors. The Remuneration Committee consists of three members, in which there are two independent non-executive Directors, namely Ms. Pong Scarlett Oi Lan BBS, JP, Mr. Li Xiaoyan and one executive Director, namely Mr. Zhang Lianghong. Ms. Pong Scarlett Oi Lan BBS, JP is the chairperson of the Remuneration Committee. The terms of reference of the Remuneration Committee are published on the Company’s website and the website of the Stock Exchange.

Under its terms of reference, the primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations to the Board, review the performance and the remuneration packages of individual executive Directors and senior management and to assess the performance of the Directors and approve the terms of the Directors’ service contracts, to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration. The Remuneration Committee is also responsible for reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES *(Continued)*

Remuneration Committee *(Continued)*

The Remuneration Committee has adopted the approach under Code provision E.1.2(c)(ii) of the CG Code to make recommendations to the Board on remuneration packages of the Directors and the members of senior management. The remuneration of the Directors was determined with reference to their respective experience, responsibilities with the Group and the general market conditions.

During the Year, the Remuneration Committee held two meetings to review the remuneration policy and structure of the Company, as well as the performance and remuneration packages of executive directors and senior management, review the service contracts of executive directors and other related matters, and provide advice to the Board in this regard. The attendance of each member is set out in the section headed "Board meetings and general meetings" below. A summary of the work performed by the Remuneration Committee during the Year is listed below:

- reviewed the existing policy and structure for the remuneration of the Directors and senior management;
- approved the Share Award Scheme;
- recommended to the Board about the remuneration of Executive Directors and Independent Directors, and
- reviewed and recommended to the Board the proposal for salary adjustments for executive Directors and senior management of the Company.

Pursuant to Code Provision E.1.5 of the CG Code, details of the emoluments of the senior management by bands for the Year were as follows:

Emoluments Band	Number of Individuals
HK\$1,000,000 and below	3
HK\$1,000,001 to HK\$1,500,000	2
Total	5

Pursuant to Appendix D2 to the Listing Rules, the emoluments of the employees who are Directors and who are amongst the five highest paid individuals are set out in Note 8 and Note 9 of the Notes to the Financial Statements.

BOARD COMMITTEES *(Continued)*

Nomination Committee

The Board established the Nomination Committee with written terms of reference in compliance with the CG Code, chaired by the chairman of the board or an independent non-executive Director and comprises a majority of independent non-executive Directors. The Nomination Committee consists of two independent non-executive Directors, being Ms. Pong Scarlett Oi Lan BBS, JP and Mr. Li Xiaoyan, and one executive Director, being Mr. Zhang Lianghong, who is the chairperson of the Nomination Committee. The terms of reference of the Nomination Committee are published on the Company's website and the website of the Stock Exchange.

The Nomination Committee is responsible for reviewing and assessing the structure, size and composition of the Board and the independence of the independent non-executive Directors and making recommendations to the Board on appointment and removal of Directors. In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board in accordance with the board diversity policy adopted by the Company. Diversity of the Board will be considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a Director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

If a candidate is proposed to be appointed as an independent non-executive Director, his or her independence shall be assessed in accordance with, among other things, the factors as set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time. Where applicable, the totality of the candidate's education, qualifications and experience shall also be evaluated to consider whether he or she has the appropriate professional qualifications or accounting or related financial management expertise for filling the office of an independent with such qualifications or expertise as required under Rule 3.10(2) of the Listing Rules.

When considering the appointment or reappointment of Directors, the Nomination Committee will consider various factors including the background, experience and qualification of the proposed candidates to ensure that the proposed candidates possess the requisite experience, characters and integrity to act as a Director, and other criteria with regard to the benefits of diversity, including but not limited to gender, age, cultural and educational background, or professional experience and taking into account the Group's business model and specific needs.

During the Year, the Nomination Committee held two meetings and the attendance of each member is set out in the section headed "Board meetings and general meetings" below. A summary of the work performed by the Nomination Committee during the Year is listed below:

- reviewed the Board's structure, size and composition;
- assessed the independence of the independent non-executive Directors;
- made recommendation to the Board on the re-election of retiring Directors at the 2026 AGM;
- made recommendation to the Board on appointing Independent non-executive Directors, Executive Directors and the chief executive officer;
- reviewed the terms of reference of the Nomination Committee; and
- reviewed the Director Nomination Policy and Board Diversity Policy.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES *(Continued)*

Nomination Committee *(Continued)*

During the year, the Nomination Committee has reviewed the structure, number and composition of the Board and the independence of independent non-executive directors and has considered the qualifications of the retiring directors standing for election at the Annual General Meeting, and was of the opinion that the composition of the Board, taking into account the Group's business model and specific needs, met the requirements under the Board Diversity Policy.

As of 31 December 2025, among the Group's 1,079 employees, 746 were male and 333 were female, including 42 senior management (36 male and 6 female) and 1,037 other employees (710 male and 327 female). The gender ratio is inline with the nature of the Group's business.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board has set measurable objectives (at least one Board member with different gender) to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. As of 31 December 2025, the Company has achieved gender diversity of the Board and in compliance with the requirements under Rule 13.92 of the Listing Rules.

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

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

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

BOARD COMMITTEES *(Continued)*

Board Diversity Policy *(Continued)*

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

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

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

Corporate Governance Functions

The Board has delegated the responsibility for performing the functions set out in the code provision A.2.1 of the CG Code to the Audit Committee.

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

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS AND GENERAL MEETINGS

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, by all of Directors.

Prior notices convening the Board meetings were despatched to the Directors setting out the matters to be discussed. At the meetings, the Directors were provided with the relevant documents to be discussed and approved. The company secretary of the Company was responsible for keeping minutes for the Board meetings.

The Board is regularly provided with brief reports containing balanced and comprehensive evaluation on the Group's performance, status and prospects to keep it abreast of the Group's affairs and facilitate the Directors' performance of their obligations under the relevant requirements of the Listing Rules.

In addition to regular Board meetings, during the Year, the chairman of the Board held one meeting with the independent non-executive Directors without the presence of other Directors.

During the Year, the Company held five Board meetings in total. The attendance record of each Director at the Board and Board committee meetings and 2025 AGM of the Company held during the Year is set out in the table below:

Name of Director	Attendance/Number of Meetings Eligible to Attend				
	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	2025 AGM
<i>Executive Directors</i>					
Mr. Zhang Lianghong	5/5	N/A	2/2	2/2	1/1
Mr. Huang Qiyang	5/5	N/A	N/A	N/A	1/1
Mr. Lee Kin Ming	5/5	N/A	N/A	N/A	1/1
Mr. Huang Shaobo	5/5	N/A	N/A	N/A	1/1
Mr. Cheung Ka Tsun	5/5	N/A	N/A	N/A	1/1
<i>Independent non-executive Directors</i>					
Mr. Li Xiaoyan	5/5	3/3	2/2	2/2	1/1
Mr. Liu Da	5/5	3/3	N/A	N/A	1/1
Ms. Pong Scarlett Oi Lan BBS, JP	5/5	3/3	2/2	2/2	0/1

During the Year, no Board or Committee meeting was attended by a Director's alternate.

TRAINING AND CONTINUING DEVELOPMENT FOR DIRECTORS

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

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

The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he is fully aware of his roles, functions, duties and responsibilities under the Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group.

All Directors, namely, Mr. Zhang Lianghong, Mr. Huang Qiyang, Mr. Lee Kin Ming, Mr. Huang Shaobo, Mr. Cheung Ka Tsun, Mr. Li Xiaoyan, Mr. Liu Da and Ms. Pong Scarlett Oi Lan BBS, JP had participated in continuous professional development with respect to directors' duties, relevant programmes and seminars or had perused reading materials and updated information in relation to business and industrial development. During the Year, the Company received professional development records from each Director relating to directors' responsibilities, regulatory requirements and continuity of business development.

COMPANY SECRETARY

The Company engaged an external professional company secretarial services provider, SWCS Corporate Services Group (Hong Kong) Limited ("**SWCS**"), to provide company secretarial services to the Group in order to assist the Group to cope with the changing regulatory environment and to suit different commercial needs. All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters.

Since 29 August 2022, Mr. Chung Ming Fai ("**Mr. Chung**"), a representative of SWCS, has been appointed as the company secretary ("**Company Secretary**") of the Company. Mr. Chung is a senior vice president of SWCS and has over 21 years of experience in corporate secretary, mergers and acquisitions, financial reporting and auditing. Mr. Chung is currently a fellow of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia, and by virtue of the aforesaid qualifications, Mr. Chung would be capable of discharging the functions of the Company Secretary.

Mr. Lai Liangquan, the Company's Chief Financial Officer, is the primary point of contact at the Company for the Company Secretary, and will collaborate and communicate with Mr. Chung on corporate governance, secretarial and administrative matters of the company. Further, whenever necessary, the contact person assigned will promptly deliver information regarding the performance, financial positions and other major development and affairs of the Group to Mr. Chung. Having in place a mechanism that enables Mr. Chung to get hold of the Group's development promptly without material delay and with his expertise and experience, the Board is confident that having Mr. Chung as the Company Secretary is beneficial to the Group's compliance with the relevant board procedures, applicable laws, rules and regulations.

According to the requirements of Rule 3.29 of the Listing Rules, Mr. Chung has taken not less than 15 hours of relevant professional training for the Year.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Responsibilities in respect of the Consolidated Financial Statements

The Directors confirm that it is their responsibility to prepare the financial statement of the Group for the year ended 31 December 2025, and the management will provide information and explanation to the Board to enable it to make an informed assessment of the financial and other Board decisions.

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

The statement of the independent auditor of the Company about their reporting responsibilities and opinion on the Consolidated Financial Statements for the Year is set out in the section headed "Independent Auditor's Report" of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management and internal control systems

The Board, with the assistance of the management, is the ultimate risk management decision-making body and makes risk management decisions on major risk matters. The management is responsible for managing the Group's risk matters, directing and coordinating the work of risk management functions and risk assessment framework in relation to its corresponding business activities.

The Board and the management have the responsibility for overseeing the effectiveness of the risk assessment framework and risk management functions. The management reports to the Audit Committee and the Board regarding the results of the risk management framework on an annual basis.

The Group has developed its internal management systems, which include but not limited to the following processes:

- The Board receives regular updates from the senior management and reviews the Group's business plan, financial results, investment strategies and business indicators to ensure that the business risks are identified and managed;
- The senior management supervises the Group's business performance on an on-going basis via regular meetings with respective departments and project teams, to identify potential risks and develop strategies to address the risk;
- The Group monitors a wide range of indicators, such as our key operational data, employee turnover rate, and responds promptly if any risk indicators arise; and
- The Group works with external legal, accounting and other professional advisers at various jurisdictions to ensure that it is in compliance with relevant legislation and regulations.

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has established an internal audit department to carry out its internal audit functions by assisting the Board to implement our Group's risk management and internal control systems and to assess whether the material controls are sufficient and adequate for the Group. The internal audit department regularly reports to the Audit Committee for its findings and recommendations for improvement on the internal control systems. The management will report to the Board as regards findings on the internal control weaknesses as reviewed and identified by the internal audit department and provide remedial action plan, if required, together with follow-up on status of remediation to the Board from time to time.

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Review of the effectiveness of the risk management and internal control systems

During the Year, the Board conducted review of the risk management and internal control systems of the Group once including but not limited to, (i) the changes in the nature and extent of significant risks and the Company's ability to respond to changes in its business and the external environment; (ii) the scope and quality of the Management's ongoing monitoring of risks and of the internal control systems; (iii) the extent and frequency of communication of monitoring results to the Board and Audit Committee to assess control of the Company and the effectiveness of risk management; (iv) significant control failings or weaknesses that have been identified; (v) the effectiveness of the Company's processes for financial reporting and Listing Rules compliance; and (vi) reviewing internal control review assessment conducted by the internal audit department for the Year.

Based on the review of the risk management and internal control systems and its own assessment, the Board considered that the risk management and internal control systems of the Group have been implemented effectively and are adequate.

In addition, the Board has reviewed and considered that the resources, staff qualifications and experience, training programs and budget of the Company's accounting, compliance, legal and financial reporting functions are adequate and effective during the Year.

Internal audit function

The Company has set up the internal audit department to regularly monitor and assess the internal risk and control system of each department in order to determine the risk which may affect the business and other aspects of the Group (including key operational and financial processes, regulatory compliance and information safety).

Inside information

The Group attaches utmost importance to the proper handling and dissemination of inside information. Internal policies have been put in place to ensure that inside information is adequately controlled. To ensure the confidentiality and the timely disclosure of inside information, all employees have been provided with learning materials and guidelines regarding the handling and dissemination of inside information. Our data system controls have been implemented to ensure the access to sensitive data is restricted to authorized personnel only.

The Group complies with the requirements of the SFO and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in the announcements or circulars of the Company are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

As for the surveillance and disclosure of the inside information, the Company has adopted the policy for the disclosure of inside information, with the aim to ensure that the internal personnel shall comply with the requirements for confidentiality and perform the responsibility for the disclosure of inside information. The policy has expressly set forth the identification of inside information and the decision-making tree for taking the required action. The employees and other relevant parties shall maintain strict confidentiality in respect of the inside information. In the event of disclosing the inside information, it shall be made on the fair, true and effective basis.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Whistleblowing Policy

All staff is considered to be an informal monitor. The Group relies on each of its employees, at all levels, to monitor the quality, ethics and professionalism of the Group's business operation and the Group's standards and to promote and support anti-corruption laws and regulations. The Group listens to employees' concerns, considers recommendations for improving the Group's practices and controls and announces timely communications on policy changes and other matters of the Group. In addition, the Company has established a whistleblowing policy, under which employees and those who come into contact with the Company are provided with ways to raise their concerns about possible improprieties in any matter relating to the Company without fear of reprisal or victimisation, and in a responsible and effective manner. Written complaints can be lodged directly to the Audit Committee. The Audit Committee will then convene a meeting to decide whether and/or how to carry out any necessary investigation and, depending upon the circumstances, consider to nominate investigating officer or set up a special committee to investigate the matter independently.

INSURANCE ON DIRECTOR'S AND OFFICER'S LIABILITIES

During the year and up to the date of this annual report, the Company has arranged liabilities insurance covering the indemnity of the directors and senior management of the Company.

DIVIDEND POLICY

The Company has adopted a dividend policy which allows the Company's shareholders to share the profits of the Company whilst retaining adequate reserves for the Group's future growth. The declaration and amount of dividends shall be determined at the sole discretion of the Board. Pursuant to the dividend policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

- (a) financial performance;
- (b) cash flow position;
- (c) business profile and strategy;
- (d) future operations and revenues;
- (e) capital requirements and expenditures plans;
- (f) the interests of shareholders;
- (g) any restrictions on the payment of dividends; and
- (h) any other factors that the Board deem appropriate.

AUDITOR'S REMUNERATION

The remuneration paid and payable to the Company's external auditors of the Company (including BDO and other PRC auditors) in respect of audit services and non-audit services for the Year amounted to RMB1,878,000, of which RMB1,352,000 is for HKFRSs audit services rendered by BDO. Save as disclosed above, no other non-audit services were provided by the Company's external auditors during the Year.

For the Year, the remuneration paid and payable to the Company's auditor, is set out below:

Services rendered	For the year ended 31 December 2025 RMB'000
Audit services — mainly related to annual audits	1,540
Non-audit services — mainly related to interim review	338
Total	1,878

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting

The following procedures for shareholders of the Company to convene an extraordinary general meeting (the "EGM") of the Company are prepared in accordance with Article 12.3 of the Articles of Association:

- (a) written requisition of any one or more members deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company;
- (b) written requisition of any one member which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company; or
- (c) if the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Such requisition shall be made in writing to the Board or the Company Secretary via email at the email address of the Company at llq@kimou.com.cn.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS *(Continued)*

Procedures and contact details for raising enquiries

- (a) Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong share registrar, details of which are set out in the section headed "Corporate Information" of this annual report.
- (b) Shareholders may raise any enquiry in respect of the Company in writing to the Company via email at the email address of the Company at llq@kimou.com.cn.
- (c) For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.
- (d) Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

Putting Forward Proposals at General Meetings

There are no provisions allowing shareholders to put forward new resolutions at the general meetings under the Cayman Islands Companies Act or the Articles of Association. However, shareholders who wish to put forward proposal at general meetings may convene an EGM following the procedures set out above.

Contact Details

Shareholders may send their requisitions, proposed resolutions for the general meeting or enquiries to the Board as mentioned above to the primary contact person of the Company as set out below:

Name: The Chairman of the Board of Directors of Kimou Environmental Holding Limited

Address: Unit E&F, 5/F, Hung Cheong Factory Building, 3 Kwong Cheung Street, Cheung Sha Wan, Kowloon, Hong Kong

Email: llq@kimou.com.cn

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

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the Year, there has been no change to the constitutional documents of the Company. The Company's Memorandum and Articles of Association is available on the websites of the Company and the Stock Exchange.

INVESTOR RELATIONS AND SHAREHOLDERS' COMMUNICATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company has established a shareholder's communication policy, and endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings.

Information of the Company shall be communicated to the shareholders of the Company and the investment community mainly through the Company's financial reports (interim and annual reports), annual general meeting and other meetings that maybe convened. The chairman of the Board as well as chairperson of Audit Committee, Remuneration Committee and Nomination Committee or, in their absence, other members of the respective committees will make themselves available at the annual general meetings to meet shareholders and answer their enquiries.

Shareholders are encouraged to attend the annual general meeting of the Company. Notice of the annual general meeting 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 (<https://www.kimou.com.cn>) and the Stock Exchange's website (<https://www.hkexnews.hk>). In addition, the Company's website provides information such as e-mail address and telephone number for making inquiries to the Company in order to maintain effective communication with its shareholders and investors.

The Board conducted an annual review of the implementation and effectiveness of the Company's shareholder communication policy and concluded that the policy was effectively implemented during the Year.

INDEPENDENT AUDITOR'S REPORT



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Independent auditor's report to the members of Kimou Environmental Holding Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Kimou Environmental Holding Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 63 to 134, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Revenue recognition

Refer to note 3 to the consolidated financial statements and the accounting policies on pages 82 to 85.

The Group has the following principal sources of revenue:

- Rental and facilities usage;
- Wastewater treatment and utilities;
- Sales of goods and ancillary business.

These sources of revenue have different trade terms and revenue recognition criteria. The Group handles individual transactions manually which increases the risk of errors that may be made in the recognition of revenue.

We identified recognition of revenue as a key audit matter because revenue is a key performance measure for the Group and a key driver of the gross margin which increases the risk that revenue may be manipulated to meet targets and expectations and because the different trade terms and manual accounting treatments increase the risk of errors in the recognition of revenue.

Our response:

Our audit procedures to assess the recognition of revenue included the following:

- (i) understanding and assessing the design and implementation of the key internal controls over the recognition of revenue;
- (ii) evaluating the Group's revenue recognition accounting policies with reference to the requirements of the prevailing accounting standards;
- (iii) obtaining the calculation sheets of the rental and facilities usage revenue, comparing rental and facilities usage revenue received and receivables with underlying tenancy information, including monthly rents, rental periods and facilities usage rate as set out the signed rental agreement, and check the leased areas to property ownership certificate on a sample basis, and examining the calculations to assess whether rental revenue had been recorded in the appropriate accounting period;
- (iv) reconciling revenue records as set out in the management accounts to wastewater treatment and utilities monthly fee notes, monthly wastewater and utilities meter reading records, service contracts, and bank statements on a sample basis to assess whether the related revenue has been recognised in the appropriate accounting period;
- (v) selecting a sample of transactions regarding the sales of goods and matching the details with good delivery notes evidencing the date of delivering and acceptance of the goods to assess whether the related revenue had been recognised in the appropriate accounting period; and
- (vi) obtaining confirmations directly from the Group's customers, on a sample basis, to confirm the transaction amounts during the reporting period and reconciling the amounts confirmed to the Group's accounting records and assessing the reasons for any differences with relevant supporting documents.

INDEPENDENT AUDITOR'S REPORT

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 HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

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

(Continued)

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

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

INDEPENDENT AUDITOR'S REPORT

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

(Continued)

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

IP Ka Ming

Practising Certificate Number P08322

Hong Kong, 27 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	3	1,680,081	1,394,084
Other revenue	4	29,471	29,315
Depreciation and amortisation	6(c)	(311,226)	(265,994)
Cost of inventories	6(c)	(691,123)	(474,897)
Staff costs	6(b)	(185,815)	(168,633)
Utility costs	6(c)	(38,763)	(40,096)
Other expenses		(167,182)	(166,487)
Other net (loss)/gain	5	(7,123)	6,921
Share of profit or loss of associates	17	483	367
Impairment losses on trade and other receivables	30(a)	(13,396)	(9,535)
Profit from operations		295,407	305,045
Finance costs	6(a)	(118,292)	(138,968)
Profit before taxation	6	177,115	166,077
Income tax	7	(53,670)	(59,548)
Profit for the year		123,445	106,529
Attributable to:			
Equity shareholders		134,779	122,611
Non-controlling interests		(11,334)	(16,082)
Profit for the year		123,445	106,529
Earnings per share (RMB)	10		
Basic and diluted		0.12	0.11

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

as at 31 December 2025

	2025 RMB'000	2024 RMB'000
Profit for the year	123,445	106,529
Other comprehensive income for the year		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of entities not using Renminbi ("RMB") as functional currency	2,842	(5,339)
Total comprehensive income for the year	126,287	101,190
Attributable to:		
Equity shareholders	137,621	117,272
Non-controlling interests	(11,334)	(16,082)
Total comprehensive income for the year	126,287	101,190

The notes on pages 71 to 134 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	11	1,964,882	1,989,235
Investment property	12	1,785,265	1,443,269
Construction in progress	13	463,436	441,515
Right-of-use assets	14	572,175	499,257
Intangible assets	15	7,799	6,688
Interests in associates	17	5,024	3,741
Other financial assets	18	2,595	3,064
Other receivables	20	38,322	38,426
Deferred tax assets	28	45,316	44,095
Total non-current assets		4,884,814	4,469,290
Current assets			
Inventories	19	41,152	28,840
Trade and other receivables	20	495,333	457,390
Restricted deposits with banks	21	47,837	47,824
Cash and cash equivalents	22	193,182	219,405
Total current assets		777,504	753,459
Current liabilities			
Trade and other payables	23	704,282	622,679
Contract liabilities	24	22,364	13,532
Bank loans and other borrowings	25	822,362	864,857
Lease liabilities	26	5,982	1,882
Current taxation	28	16,959	14,975
Total current liabilities		1,571,949	1,517,925
Net current liabilities		(794,445)	(764,466)
Total assets less current liabilities		4,090,369	3,704,824

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Contract liabilities	24	37,022	–
Bank loans and other borrowings	25	2,602,300	2,210,861
Lease liabilities	26	29,654	11,564
Deferred income	27	110,483	99,808
Deferred tax liabilities	28	5,003	7,500
Total non-current liabilities		2,784,462	2,329,733
Net assets			
		1,305,907	1,375,091
CAPITAL AND RESERVES			
Share capital	29	97,283	97,283
Reserves		935,415	1,052,465
Total equity attributable to equity shareholders		1,032,698	1,149,748
Non-controlling interests		273,209	225,343
Total equity		1,305,907	1,375,091

Approved and authorised for issue by the board of directors on 27 March 2026.

Zhang Lianghong

Chairman and Chief Executive Officer

Cheung Ka Tsun

Executive Director

The notes on pages 71 to 134 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025

	Equity attributable to equity shareholders									
	Share capital	Share premium	Capital reserve	Shares repurchased for cancellation	Statutory and other reserve	Exchange reserve	Retained profits	Sub-total	Non-Controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 29(c)	Note 29(d)	Note 29(d)		Note 29(d)	Note 29(d)				
Balance at 1 January 2025	97,283	435,351	-	-	211,976	(2,120)	407,258	1,149,748	225,343	1,375,091
Changes in equity for the year ended 31 December 2025										
Profit/(loss) for the year	-	-	-	-	-	-	134,779	134,779	(11,334)	123,445
Other comprehensive income	-	-	-	-	-	2,842	-	2,842	-	2,842
Total comprehensive income	-	-	-	-	-	2,842	134,779	137,621	(11,334)	126,287
Dividends approved in respect of the previous year	-	-	-	-	-	-	(153,866)	(153,866)	-	(153,866)
Dividends approved during the year	-	-	-	-	-	-	(100,805)	(100,805)	-	(100,805)
Capital injection	-	-	-	-	-	-	-	-	59,200	59,200
Safety fund provision	-	-	-	-	48	-	(48)	-	-	-
Transfer to statutory reserve	-	-	-	-	45,330	-	(45,330)	-	-	-
Balance at 31 December 2025	97,283	435,351	-	-	257,354	722	241,988	1,032,698	273,209	1,305,907

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025

	Equity attributable to equity shareholders									
	Share capital RMB'000 Note 29(c)	Share premium RMB'000 Note 29(d)	Capital reserve RMB'000 Note 29(d)	Shares repurchased for cancellation RMB'000 Note 29(c)(ii)	Statutory and other reserve RMB'000 Note 29(d)	Exchange reserve RMB'000 Note 29(d)	Retained profits RMB'000	Sub-total RMB'000	Non-Controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024	97,412	537,091	-	(1,355)	164,646	3,219	331,977	1,132,990	109,585	1,242,575
Changes in equity for the year ended 31 December 2024										
Profit/(loss) for the year	-	-	-	-	-	-	122,611	122,611	(16,082)	106,529
Other comprehensive income	-	-	-	-	-	(5,339)	-	(5,339)	-	(5,339)
Total comprehensive income	-	-	-	-	-	(5,339)	122,611	117,272	(16,082)	101,190
Dividends approved in respect of the previous year	-	(100,514)	-	-	-	-	-	(100,514)	-	(100,514)
Capital injection	-	-	-	-	-	-	-	-	131,840	131,840
Cancellation of shares	(129)	(1,226)	-	1,355	-	-	-	-	-	-
Safety fund provision	-	-	-	-	58	-	(58)	-	-	-
Transfer to statutory reserve	-	-	-	-	47,272	-	(47,272)	-	-	-
Balance at 31 December 2024	97,283	435,351	-	-	211,976	(2,120)	407,258	1,149,748	225,343	1,375,091

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Operating activities			
Cash generated from operations	22(b)	630,317	544,828
Income tax paid	28(a)	(42,104)	(50,747)
Dividend withholding tax paid	28(a)	(13,300)	(6,000)
Net cash generated from operating activities		574,913	488,081
Investing activities			
Interest received		4,429	8,628
Payment for purchase of property, plant and equipment, investment property, right of use assets, construction in progress and lease prepayments		(707,846)	(687,940)
Payment for purchase of intangible assets		(2,586)	(3,433)
Proceeds from disposal of property, plant and equipment and construction in progress		123	143
Proceeds from disposal of investment properties, construction in progress, right-of-use assets and assets held for sale		22,129	21,570
Cash receipts from repayment of advances to third parties		69,679	153,490
Cash advances to third parties		–	(257,495)
Capital injection in associates		(800)	(400)
(Placement)/release for pledged deposits with banks		(13)	2,083
Net cash used in investing activities		(614,885)	(763,354)
Financing activities			
Proceeds from bank loans and other borrowings	22(e)	1,311,522	1,632,778
Repayment of bank loans and other borrowings	22(e)	(962,578)	(1,307,740)
Interest paid	22(e)	(126,506)	(141,303)
Payment for loan service fee		(776)	–
Payment for deposits of other borrowings		(6,700)	–
Release of deposits of other borrowings		–	8,550
Capital injection from non-controlling interests		59,200	131,840
Lease payments	22(f)	(5,075)	(2,643)
Dividends paid to equity shareholders of the Company	29(b)	(254,671)	(100,514)
Net cash generated from financing activities		14,416	220,968

The notes on pages 71 to 134 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
Net decrease in cash and cash equivalents		(25,556)	(54,305)
Cash and cash equivalents at the beginning of the year		219,405	276,752
Effect of foreign exchange rate changes on cash and cash equivalents		(667)	(3,042)
Cash and cash equivalents at the end of the year	22	193,182	219,405

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (collectively “**HKFRS Accounting Standards**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and amendments to HKFRS Accounting standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments for the current accounting periods.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the “**Group**”) and the Group’s interest in associates.

At 31 December 2025, the Group’s current liabilities exceeded its current assets by RMB794,445,000. This condition may cast significant doubt on the Group’s ability to continue as a going concern.

The directors of the Company considered that, based on the projection of the Group’s future cash flows from operations and its anticipated ability to renew or rollover its banking facilities and other financing sources to finance its continuing operations and its planned and/or committed capital expenditure for the next fifteen months from the end of the reporting period of this annual financial statement, the Group has adequate resources to continue to operate as a going concern throughout the next fifteen months and that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group’s ability to continue as a going concern.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that financial assets at fair value through profit or loss are stated at fair value as explained in note 1(f).

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

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

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(Continued)*

(c) Adoption of new or amendments to HKFRS Accounting Standards

(i) Adoption of new or amendments to HKFRS Accounting Standards

In the current year, the Group has applied for the first time the following standards and amendments (the “**new HKFRS Accounting Standards**”) issued by the HKICPA, which are effective for the Group’s financial statements for the annual period beginning on 1 January 2025.

Amendments to HKAS 21	Lack of Exchangeability
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The application of these new or amendments to HKFRS Accounting Standards has no material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amendments to HKFRS Accounting Standards that is not yet effective for the current accounting period.

(ii) New or amendment to HKFRS Accounting Standards that have been issued but are not yet effective

The following new or amendment to HKFRS Accounting Standards 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 HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11 ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HK int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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 No mandatory effective date yet determined but available for adoption

HKFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the HKICPA in July 2024 supersedes HKAS 1 and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

HKFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. HKFRS 18 will apply retrospectively.

So far, the Group considers that the impact of these new and amended standards on the Group’s results of operations and financial position will not be material.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests

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

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

For each business combination, the Group can elect to measure any non-controlling interests (“**NCI**”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(k)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(e) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income (“**OCI**”) of those investees, until the date on which significant influence ceases.

When the Group’s share of losses exceeds its interest in the associate, the Group’s interest is reduced to nil and recognition of further losses is discontinued when the Group has neither incurred legal or constructive obligations nor made payments or behalf of the associate.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(Continued)*

(f) Investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries and associates are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 30(e).

All of the Group's investment in equity securities is classified as FVPL. Dividends from an investment in equity securities, are recognised in profit or loss as other income.

(g) Investment property

Investment properties are stated at cost less accumulated depreciation and impairment losses (see note 1(k)(ii)). Depreciation is calculated to write off the costs of investment properties, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	20 years
Land-use rights	50 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment properties is recognised in accordance with note 1(u)(i).

(h) Property, plant and equipment and construction in progress

Property, plant and equipment, which includes capitalised borrowing costs, are stated at cost less accumulated depreciation and any accumulated impairment losses (see note 1(k)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

No depreciation is provided in respect of the construction in progress.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(Continued)*

(h) Property, plant and equipment and construction in progress *(Continued)*

The estimated useful lives for the current and comparative periods are as follows:

Buildings	20 years
Plant and machinery	3–20 years
Motor vehicles	5–10 years
Office equipment and others	3–10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 1(k)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Electroplating wastewater treatment operation rights	5 years
Software	3–10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leased assets

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

(i) As a lessee

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(Continued)*

(j) Leased assets *(Continued)*

(i) As a lessee *(Continued)*

The right-of-use assets recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use assets is subsequently stated at cost less accumulated depreciation and impairment losses (see note 1(k)(ii)).

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

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

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

(ii) As a lessor

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

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(u)(i).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses (“ECL”s) on the financial assets measured at amortised cost (including cash and cash equivalents, restricted deposits with a bank, deposits with a bank with original maturity date over three months and trade and other receivables), which are held for the collection of contractual cash flows which represent solely payments of principal and interest and lease receivables.

Measurement of ECLs

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

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

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

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

ECLs are measured on either of the following bases:

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

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables (including lease receivables) are always measured at an amount equal to lifetime ECLs.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets *(Continued)*

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

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring 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 and analysis, based on the Group's historical experience and informed credit assessment, that includes 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.

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 actions such as realising security (if any is held) or the financial asset is 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 basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

Recognition of expected credit losses

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

Credit-impaired financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets *(Continued)*

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

Credit-impaired financial assets (Continued)

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

- financial instruments that are determined to have low credit risk at the
- a breach of contract, such as a default or past due event;
- 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 of the issuer.

Write-off policy

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

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

(ii) Impairment of other non-current assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets *(Continued)*

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

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

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

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

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

(l) Inventories

Inventories are assets in the form of materials and consumables or supplies which are held for consumption in the rendering of services or for sale in the ordinary course of business.

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

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

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

(m) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(u)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 1(n)).

(n) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost and are assessed for ECL (see note 1(k)(i)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(Continued)*

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see note 1(k)(i)).

(p) Trade and other payables

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

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 1(x).

(r) Employee benefits

(i) Short-term employee benefits

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

(ii) Contributions to defined contribution retirement plans

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

(s) Income tax

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

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences related to investment in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(Continued)*

(s) **Income tax** *(Continued)*

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

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

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

(t) **Provision and contingent liabilities**

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

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

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

(u) **Revenue and other income**

Income is classified by the Group as revenue when it arises from the provision of services, the sales of goods or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value-added tax ("**VAT**") and is after deduction of any trade discounts.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(Continued)*

(u) Revenue and other income *(Continued)*

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

Rental income from tenants

The Group has entered into industrial property leases on its investment property portfolio. Contracts which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property are accounts for as operating leases. In addition, the Group subleases investment property acquired under head lease terms exceeding 12 months at commencement. Subleases are classified as finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying investment property.

The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the property or head lease and the present value of the minimum lease payments not amounting to substantially all of the fair value of the property, that it retains substantially all of the risks and rewards incidental to ownership and accounts for the contracts as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease term and is included in revenue due to its operating nature.

Revenue from services to tenants

At or near the time of entering into lease contracts, the Group also enters into service contracts with the tenants. These contracts are combined as a single contract as they are negotiated as a package. These contracts include certain services offered to the tenants, including such property management services as cleaning and security, as well as other support services (e.g. utility services, facilities usage and wastewater treatment services). The Group has determined that these services constitute distinct non-lease components, transferred separately from the right to use the underlying asset and are within the scope of HKFRS 15. The Group allocates the consideration in the contract to the separate lease and non-lease components generally on a relative standalone selling price basis, taking into accounts of the costs to provide service, industry pricing and related profit margins. Variable consideration relates only to the non-lease components is allocated to each distinct service when it meets the variable consideration allocation exception criteria.

(i) Property management services

In relation to the property management services, the Group has determined that the promise is the overall property management services and that the services performed each day is distinct and substantially the same. Although the individual activities that comprise the performance obligation vary significantly throughout the day and from day to day, the nature of the overall promise to provide management services is the same from day to day. Therefore, the Group has concluded that the services to tenants represent a series of daily services that are individually satisfied over time, using a time-elapsed measure of progress, because tenants simultaneously receive and consume the benefits provided by the Group and the Group's efforts are generally equal throughout the service period. Invoices for property management maintenance services are issued on a monthly basis and are usually payable within 10 days.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(Continued)*

(u) Revenue and other income *(Continued)*

Revenue from services to tenants *(Continued)*

(ii) Utility services, facilities usage and wastewater treatment services

In relation to the utility services included in the contract entered into by the Group with tenants and to be provided by third parties public utility companies, the Group concluded that the nature of its promise is to arrange for those services to be provided by the public utility companies. It is the public utility companies have the primary responsibility for the uninterrupted supply to the tenants, sets the price and bears the risk of non-payment whilst the Group does not have any inventory risk because it does not commit itself to procure those services from the public utility companies. The consideration charged to tenants for these services includes a service margin, charged based on their consumption volume of those utilities and amounts collected on behalf of the public utility companies, but the amount of consideration to which the Group entitled to and recognised as revenue excluded the latter amounts. In addition to the above, some of the utility services provided to the tenants did not involve another party and the Group recognised revenue in the gross amount of the consideration to which it expects to be entitled in exchange for those utilities provided. In relation to the facilities usage and wastewater treatment service, the Group has determined that the promise is a stand-ready obligation of wastewater collection as their amount and timing of providing those services are at the tenant's discretion. Revenue from these services are recognised over time as the tenants simultaneously receive and consume the benefits when the utilities are provided to the tenants or wastewater is transferred to the Group's facilities.

Each of these services are invoiced at the end of every month and are usually payable within 10 days. Monthly fee included a fixed and/or usage-based component, with the former recognised as revenue on a straight-line basis over time. The latter is charged based on the actual meter readings for that month and is recorded as revenue for that month because the amount corresponds directly with the value to the tenants of the Group's performance completed to date and allocating the variable amount of consideration entirely to the distinct service on a particular day is consistent with the allocation objective under HKFRS 15.73 when considering all of the performance obligations and payments terms in the contract.

Revenue from sales of chemicals

The Group also sells chemicals to the tenants. The Group acts as a principal in these transactions.

The Group obtains control of the chemicals, being the specified goods, before they are transferred to the tenants. The third-party suppliers do not have a contractual relationship and have no interaction with the tenants, with the Group being the party that engages with the tenants before and after the chemicals were transferred to the tenants. The Group also takes risks for the chemicals that is not accepted by the tenants as the Group cannot return the chemicals to the third-party suppliers or obtain a refund. Revenue from sales of chemicals is recognised on gross basis. Tenants obtain control of the chemicals when they are delivered to and have been accepted at their rented premises, at which point revenue is recognised. Following the delivery, the Group no longer has physical possession but have a present right to remaining payment, whilst the tenants have full discretion over the manner of use, bears the risks of obsolescence and loss. Invoices are generated at that point in time and are usually payable within 30 days. A receivable is also recognised by the Group when the chemicals are delivered as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(Continued)*

(u) Revenue and other income *(Continued)*

Interest income

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

Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset measured at depreciated cost are recognised as deferred income and consequently are effectively recognised in profit or loss on a systematic basis over the useful life of the asset.

Government grants relating to assets measured at fair value are included in non-current liabilities as deferred income and are credited to the consolidated statement of profit or loss when, and only when, the conditions attaching to the government grant are met.

(v) Translation of foreign currencies

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

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

The assets and liabilities of the entity whose functional currency differs from the presentation currency of RMB are translated into RMB at the exchange rates at the reporting date. The income and expenses of such entity are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(Continued)*

(w) Research and development expenses

Research and development expenses comprise all expenses that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because the criteria for recognition of such costs as an asset are generally not met until late stage of the development project when the remaining development costs are immaterial, research and development expenses are recognised as expenses in the period in which they are incurred.

(x) Borrowing costs

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

(y) Deposits due to tenants

Deposits due are refundable to tenants. They are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Note 30 contains information about the assumptions and their risk factors relating to financial assets. Other key sources of estimation uncertainty and critical accounting judgements in the process of applying the Group's accounting policies are as follows:

Impairments of assets

In considering the impairment losses that may be required for certain property, plant and equipment, construction in progress, investment property, right-of-use assets and intangible assets, recoverable amount of these assets needs to be determined. The recoverable amount is the greater of the fair value less cost of disposal and the value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue and operating costs.

Going concern assumption

These consolidated financial statements have been prepared on a going concern basis. The assessment of the going concern assumption, as disclosed in Note 1(b), involves making judgements by the directors of the Company, at a particular point of the time, about the future outcome of events or conditions which are inherently uncertain. These include the Group's ability to generate sufficient operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are industrial park property development and management, electroplating wastewater treatment and sales of goods and ancillary business. Further details regarding the Group's principal activities are disclosed in note 3(b).

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major business lines is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by types of good or service		
— Facilities usage and management service		
Property management services	33,173	29,951
Environmental protection technical service fee	283,896	293,464
	317,069	323,415
— Wastewater treatment and utilities		
Wastewater treatment services	318,676	290,350
Utility services	264,074	235,130
	582,750	525,480
— Sales of goods and ancillary business	634,695	406,767
	1,534,514	1,255,662
Revenue from other sources		
Gross rentals from investment properties (note 12)	145,567	138,422
	1,680,081	1,394,084

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 3(b)(i) and notes 3(b)(iii), respectively.

The Group's customer base is diversified, and the Group did not have any customer with whom transactions have exceeded 10% of the Group's aggregate revenue for the year ended 31 December 2025 (2024: Nil).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

3. REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified three reportable segments. No operating segments have been aggregated to form the following reportable segment.

- Rental and facilities usage: this segment conducts industrial park property development and management business.
- Wastewater treatment and utilities: this segment operates electroplating wastewater treatment plants and provides services of utilities.
- Sales of goods and ancillary business: this segment includes sales of chemicals and others.

(i) Segments results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment rentals of properties and sales of raw materials, assistance provided by one segment to another, including sharing of assets, is not measured.

The Group's senior executive management is provided with segment information concerning segment revenue and profit. Segment assets and liabilities are not reported to the Group's senior executive management regularly.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before finance costs, interest income, taxes, depreciation and amortisation". To arrive at adjusted EBITDA the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 are set out below.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

3. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(i) Segments results, assets and liabilities (Continued)

For the year ended 31 December 2025	Rental and facilities usage RMB'000	Wastewater treatment and utilities RMB'000	Sales of goods and ancillary business RMB'000	Total RMB'000
Revenue from external customers	462,635	582,751	634,695	1,680,081
Inter-segment revenue	18,961	1,135	39,601	59,697
Reportable segment revenue	481,596	583,886	674,296	1,739,778
Reportable segment profit (adjusted EBITDA)	427,335	164,956	51,861	644,152
Depreciation and amortisation for the year	(271,168)	(36,941)	(3,117)	(311,226)

For the year ended 31 December 2024	Rental and facilities usage RMB'000	Wastewater treatment and utilities RMB'000	Sales of goods and ancillary business RMB'000	Total RMB'000
Revenue from external customers	461,837	525,480	406,767	1,394,084
Inter-segment revenue	54,422	1,779	28,242	84,443
Reportable segment revenue	516,259	527,259	435,009	1,478,527
Reportable segment profit (adjusted EBITDA)	413,624	157,173	24,675	595,472
Depreciation and amortisation for the year	(230,343)	(33,307)	(2,344)	(265,994)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

3. REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(ii) Reconciliations of reportable segment profit

	2025 RMB'000	2024 RMB'000
Reportable segment profit derived from the Group's external customers	644,152	595,472
Depreciation and amortisation	(311,226)	(265,994)
Finance costs	(118,292)	(138,968)
Interest income	4,429	8,628
Unallocated head office and corporate expenses	(41,948)	(33,061)
Consolidated profit before taxation	177,115	166,077

(iii) Geographical information

Substantially all of the Group's revenue and non-current assets are generated and located in the PRC.

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

(i) Contracts with customers within the scope of HKFRS 15

As at 31 December 2025, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB795,550,000 (2024: RMB974,843,000). This amount represents revenue expected to be recognised in the future from contracts of property management, facilities usage and other services entered into by the customers with the Group. The Group will recognise the expected revenue in future when the services are rendered, which is mainly expected to occur over the next one to twenty years.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its service and sales contracts of chemicals such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under these contracts that had an original expected duration of one year or less.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

3. REVENUE AND SEGMENT REPORTING *(Continued)*

(c) Revenue expected to be recognised in the future arising from contracts in existence at the reporting date *(Continued)*

(ii) Operating lease

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 12 sets out information about the operating leases of investment property.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2025 RMB'000	2024 RMB'000
Less than 1 year	153,621	148,488
1 to 2 years	95,635	135,480
2 to 3 years	77,755	69,670
3 to 4 years	49,812	47,810
4 to 5 years	26,952	20,015
More than 5 years	70,178	99,772
Total undiscounted lease payments	473,953	521,235

4. OTHER REVENUE

	2025 RMB'000	2024 RMB'000
Interest income	4,429	8,628
Government grants (note a)		
— Unconditional subsidies	7,994	8,851
— Conditional subsidies (note 27)	10,644	10,099
Compensation income (note b)	3,793	—
Others	2,611	1,737
	29,471	29,315

Notes:

- (a) Government grants represent various forms of incentives and subsidies granted to the Group by the local government authorities in the PRC.
- (b) Compensation income represents the amount arising from the cancellation of factory disposal in Tianjin Bingang park that occurred during 2025.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

5. OTHER NET (LOSS)/GAIN

	2025 RMB'000	2024 RMB'000
Loss arising from disposal of property, plant and equipment and construction in progress	(8,925)	(5,945)
Gain arising from disposal of investment property, construction in progress, right-of-use assets and non-current assets held for sale	1,754	12,704
Changes in fair value of other financial assets through profit or loss	(469)	(850)
Net foreign exchange (loss)/gain	(5,268)	2,297
Rental deposit forfeiture income	4,162	–
Others	1,623	(1,285)
	(7,123)	6,921

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2025 RMB'000	2024 RMB'000
Interest on bank loans and other borrowings	125,360	138,525
Interest on lease liabilities	1,201	881
Less: interest expenses capitalised into properties and plant under development	(8,269)	(438)
	118,292	138,968

The borrowing costs have been capitalised at a rate of 3.20% to 3.66% per annum (2024: 3.20% to 4.25%).

(b) Staff costs (including directors' emoluments)

	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	171,570	155,172
Retirement scheme contributions	14,245	13,461
	185,815	168,633

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

6. PROFIT BEFORE TAXATION *(Continued)*

(b) Staff costs (including directors' emoluments) *(Continued)*

The PRC entities participate in defined contribution retirement benefit schemes (the “**Schemes**”) organised by the PRC municipal and provincial government authorities, whereby the PRC entities are required to make contribution at the rates required by different local government authorities. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes.

According to the Hong Kong Mandatory Provident Fund Scheme (the “**MPF Scheme**”), except for exempted persons under the MPF Scheme, employers and their employees are each required to contribute 5% of the employee’s relevant income to the MPF Scheme, and the relevant highest income (currently HKD30,000 per month or HKD1,000 per day) is used as the upper limit for calculating contributions.

The Group has no other material obligations for payments of pension benefits beyond the contributions above.

(c) Other items

	2025 RMB'000	2024 RMB'000
Depreciation and amortisation		
— Property, plant and equipment	195,461	159,194
— Investment property	100,451	95,024
— Right-of-use assets	13,839	10,548
— Intangible assets	1,475	1,228
	311,226	265,994
Cost of inventories (i)		
— Cost of inventories sold	547,652	343,242
— Cost of inventories-consumed	143,471	131,655
	691,123	474,897
Auditors' remuneration		
— Audit related	1,540	1,684
— Non-audited related	338	858
	1,878	2,542
Utility cost	38,763	40,096
Research and development expenses	16,082	14,458

- (i) Cost of inventories mainly represented goods sold to customers and raw materials consumed during the provision of electroplating wastewater treatment services.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

7. INCOME TAX

(a) Taxation in the consolidated statement of profit or loss represents:

	2025 RMB'000	2024 RMB'000
Current tax — PRC income tax		
Provision for the year (note 28(a))	44,088	48,011
Withholding tax on distribution of dividends for the year (note 28(a))	13,300	6,000
	57,388	54,011
Deferred tax		
Origination and reversal of temporary differences (note 28(b))	9,582	11,537
Effect on distribution of dividends for the year (note 28(b))	(13,300)	(6,000)
	(3,718)	5,537
	53,670	59,548

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

	2025 RMB'000	2024 RMB'000
Profit before taxation	177,115	166,077
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (i)	50,068	43,515
Effect of non-deductible expenses	1,547	3,790
Effect of preferential tax treatments on High and New Technology Enterprise (i)	(23,542)	(23,560)
Additional deduction for research and development expenses (ii)	(8,674)	(9,820)
Effect of unused tax losses not recognised	32,724	40,758
Effect of withholding on undistributed profits retained by PRC subsidiaries (note 28(b))	10,803	7,650
Effect of tax deferral for direct investment by foreign investors with distributed profits	(5,890)	–
Others	(3,366)	(2,785)
Income tax expenses	53,670	59,548

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

7. INCOME TAX (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates (Continued):

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“**BVI**”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

No provision was made for Hong Kong Profits Tax as the Group did not earn income subject to Hong Kong Profits Tax for the year ended 31 December 2025 (2024: Nil).

Taxable income for the subsidiaries of the Company in the PRC is subject to PRC income tax rate of 25%, unless otherwise specified below:

Huizhou Jinmaoyuan Environmental Technology Co., Ltd. (“**Huizhou Jinmaoyuan**”), Tianjin Bingang Electroplating Enterprises Management Co., Ltd. (“**Tianjin Bingang**”) and Jinyuan (Jingzhou) Environmental Technology Co., Ltd. (“**Jingzhou Jinyuan**”) were qualified as “High and New Technology Enterprises” and entitled to the preferential income tax rate of 15% from December 2024 to December 2027, November 2025 to November 2028 and November 2025 to November 2028, respectively.

Huizhou Jinmaoyuan was engaged in the operation of environmental protection, energy and water conservation, related taxable income was qualified for income tax exemption for the year ended 31 December 2025.

- (ii) During the year ended 31 December 2025, Huizhou Jinmaoyuan, Tianjin Bingang, Jingzhou Jinyuan and Sichuan Jinmaoyuan Environmental Technology Co., Ltd. (“**Sichuan Jinmaoyuan**”) were eligible to claim additional deduction on research and development expenses when determined the assessable profits. Accordingly, the income tax was reduced by RMB8,674,000 in total for the year ended 31 December 2025 (2024: RMB9,820,000).
- (iii) Pursuant to the relevant law in the PRC, from 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business in the PRC but whose relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax at the rate of 10% (unless reduced by tax treaty) on various types of passive income such as dividends derived from sources within the PRC. Pursuant to the Sino-Hong Kong Double Tax Arrangement and the related regulations, a qualified Hong Kong tax resident will be liable to a reduced withholding tax rate of 5% on dividends from a PRC enterprise if the Hong Kong tax resident is the “beneficial owner” and holds 25% or more of the equity interest of the PRC enterprise. During the year ended 31 December 2023, the Group’s subsidiary in Hong Kong has obtained the Certificate of Resident Status of the Hong Kong Special Administrative Region and therefore has adopted the withholding tax rate at 5% for PRC withholding tax.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

8. DIRECTORS' EMOLUMENTS

Directors' emoluments disclose pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	For the year ended 31 December 2025				
	Directors' and supervisors' fees RMB'000	Salaries, allowances and other benefits RMB'000	Defined contribution retirement plans RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors					
Mr. Zhang Lianghong	-	703	25	1	729
Mr. Cheung Ka Tsun	-	549	16	112	677
Mr. Huang Qiyang	-	839	16	1	856
Mr. Huang Shaobo	-	458	16	1	475
Mr. Lee Kin Ming	-	458	16	1	475
	-	3,007	89	116	3,212
Independent non-executive directors					
Mr. Li Xiaoyan	275	-	-	-	275
Ms. Pong Scarlett Oi Lan	275	-	-	-	275
Mr. Liu Da	275	-	-	-	275
	825	-	-	-	825
	825	3,007	89	116	4,037

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

8. DIRECTORS' EMOLUMENTS (Continued)

Directors' emoluments disclose pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	For the year ended 31 December 2024				
	Directors' and supervisors' fees RMB'000	Salaries, allowances and other benefits RMB'000	Defined contribution retirement plans RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors					
Mr. Zhang Lianghong	–	884	49	–	933
Mr. Cheung Ka Tsun	–	288	9	21	318
Mr. Huang Qiyang (appointed on 1 January 2024)	–	1,095	16	122	1,233
Mr. Huang Shaobo	–	456	17	–	473
Mr. Lee Kin Ming	–	456	17	–	473
	–	3,179	108	143	3,430
Independent non-executive directors					
Mr. Kan Chung Nin (resigned on 23 November 2024)	–	274	–	–	274
Mr. Li Xiaoyan	–	274	–	–	274
Ms. Pong Scarlett Oi Lan (appointed on 23 November 2024)	–	29	–	–	29
Mr. Liu Da	–	274	–	–	274
	–	851	–	–	851
	–	4,030	108	143	4,281

There was no amount paid or payable by the Group to the directors or any of the five highest paid individuals as set out in note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 December 2025 (2024: Nil). There was no arrangement under which a director had waived or agreed to waive any remuneration during the year (2024: Nil).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

9. INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2024: two) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other three (2024: three) individuals are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	1,629	1,632
Discretionary bonuses	1,196	1,394
Retirement scheme contributions	122	112
	2,947	3,138

The emoluments of the three (2024: three) individuals with the highest emoluments are within the following bands:

	2025 Number of individual	2024 Number of individual
Nil to HKD1,000,000	1	1
HKD1,000,001 to HKD1,500,000	2	2

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB134,779,000 (2024: RMB122,611,000) and the weighted average number of 1,107,750,000 ordinary shares (2024: 1,107,750,000 shares) in issue during the year, calculated as follows:

	2025 '000	2024 '000
Issued ordinary shares at 1 January	1,107,750	1,109,176
Effect of shares repurchased (note 29(c)(ii))	–	(1,426)
Weighted average number of ordinary shares at 31 December	1,107,750	1,107,750

(b) Diluted earnings per share

During the years ended 31 December 2025 and 2024, there were no dilutive potential ordinary shares issued.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment and others RMB'000	Total RMB'000
Cost					
At 1 January 2024	780,171	2,072,240	11,389	34,944	2,898,744
Addition	1,528	8,878	1,143	1,722	13,271
Transfer from construction in progress (note 13)	–	163,899	147	46	164,092
Disposal	(12)	(11,330)	(231)	(817)	(12,390)
At 31 December 2024	781,687	2,233,687	12,448	35,895	3,063,717
Addition	3,591	115,646	2,398	1,854	123,489
Transfer from construction in progress (note 13)	25,891	26,871	–	1	52,763
Transfer from investment property (note 12)	4,395	–	–	–	4,395
Disposal	–	(73,218)	(240)	(2,141)	(75,599)
At 31 December 2025	815,564	2,302,986	14,606	35,609	3,168,765
Accumulated depreciation					
At 1 January 2024	(125,443)	(771,508)	(7,616)	(17,191)	(921,758)
Charge for the year	(31,231)	(121,365)	(1,181)	(5,417)	(159,194)
Written back on disposal	–	5,466	202	802	6,470
At 31 December 2024	(156,674)	(887,407)	(8,595)	(21,806)	(1,074,482)
Charge for the year	(33,516)	(155,353)	(1,277)	(5,315)	(195,461)
Transfer from investment property (note 12)	3,900	–	–	–	3,900
Written back on disposal	–	59,928	224	2,008	62,160
At 31 December 2025	(186,290)	(982,832)	(9,648)	(25,113)	(1,203,883)
At 31 December 2025	629,274	1,320,154	4,958	10,496	1,964,882
At 31 December 2024	625,013	1,346,280	3,853	14,089	1,989,235

As at 31 December 2025, certain property, plant and equipment with carrying value of RMB1,186,727,000 (2024: RMB886,818,000) were pledged to secure the Group's bank loans and other borrowings (note 25(iii)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

12. INVESTMENT PROPERTY

	RMB'000
Cost	
At 1 January 2024	1,950,140
Addition	13,154
Disposal	(13,245)
Transfer from construction in progress (note 13)	2,873
At 31 December 2024	1,952,922
Addition	268,734
Transfer from construction in progress (note 13)	216,485
Transfer to property, plant and equipment (note 11)	(4,395)
Disposal	(39,049)
At 31 December 2025	2,394,697
Accumulated depreciation	
At 1 January 2024	(416,854)
Charge for the year	(95,024)
Disposal	2,225
At 31 December 2024	(509,653)
Charge for the year	(100,451)
Transfer to property, plant and equipment (note 11)	(3,900)
Disposal	4,572
At 31 December 2025	(609,432)
Net book value	
At 31 December 2025	1,785,265
At 31 December 2024	1,443,269

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

12. INVESTMENT PROPERTY *(Continued)*

As at 31 December 2025, the fair value of the Group's investment property was approximately RMB2,818,546,000 (2024: RMB2,614,720,000). The fair value is determined by the directors of the Company with reference to mainly the valuation performed, using the income capitalisation approach with reference to the term value and the reversionary value calculated by discounting the contracted annual rent at the capitalisation rate over the existing lease period and the sum of average unit market rent at the capitalisation rate after the existing lease period, by an independent qualified professional valuer.

As at 31 December 2025, certain investment property with carrying value of RMB939,283,000.00 (2024: RMB1,050,577,000) were pledged to secure the Group's bank loans and other borrowings (note 25(iii)).

Amount recognised in profit or loss

	2025 RMB'000	2024 RMB'000
Rental income, excluding service charges (note 3(a))	145,567	138,422
Direct operating expenses that generated rental income during the year	(101,917)	(85,721)
Direct operating expenses that did not generate rental income during the year	(30,447)	(38,408)

The rental income is included in 'revenue'. The Group leased out investment property under operating leases. The operating leases mainly run for an initial period of 4 to 8 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

13. CONSTRUCTION IN PROGRESS

	Held for own use RMB'000	Held for rental RMB'000	Total RMB'000
Cost			
At 1 January 2024	91,589	17,933	109,522
Addition	218,931	281,495	500,426
Transfer to property, plant and equipment (note 11)	(164,092)	–	(164,092)
Transfer to investment property (note 12)	–	(2,873)	(2,873)
Disposal	(140)	(1,328)	(1,468)
At 31 December 2024	146,288	295,227	441,515
Addition	271,578	19,591	291,169
Transfer to property, plant and equipment (note 11)	(52,763)	–	(52,763)
Transfer to investment property (note 12)	–	(216,485)	(216,485)
At 31 December 2025	365,103	98,333	463,436

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

14. RIGHT-OF-USE ASSETS

Information about leases for which the Group is a lessee is presenting as below:

	Land-use rights held for own use RMB'000	Office and dormitories held for own use RMB'000	Subtotal RMB'000	Land-use rights held for rental RMB'000	Total RMB'000
Cost					
At 1 January 2024	118,587	2,170	120,757	296,140	416,897
Addition	35,767	–	35,767	118,190	153,957
Disposal	–	–	–	(7,101)	(7,101)
At 31 December 2024	154,354	2,170	156,524	407,229	563,753
Addition	26,092	–	26,092	65,828	91,920
Disposal	–	(107)	(107)	(6,029)	(6,136)
At 31 December 2025	180,446	2,063	182,509	467,028	649,537
Accumulated depreciation					
At 1 January 2024	(15,490)	(216)	(15,706)	(38,668)	(54,374)
Charge for the year	(2,893)	(325)	(3,218)	(7,330)	(10,548)
Disposal	–	–	–	426	426
At 31 December 2024	(18,383)	(541)	(18,924)	(45,572)	(64,496)
Charge for the year	(5,606)	(307)	(5,913)	(7,926)	(13,839)
Disposal	–	68	68	905	973
At 31 December 2025	(23,989)	(780)	(24,769)	(52,593)	(77,362)
Net book value					
At 31 December 2025	156,457	1,283	157,740	414,435	572,175
At 31 December 2024	135,971	1,629	137,600	361,657	499,257

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

14. RIGHT-OF-USE ASSETS *(Continued)*

The Group's land-use rights on leasehold land are located in the PRC. Depreciation is recognised in profit or loss on a straight-line basis over the respective periods of the land-use rights, which are 42 to 50 years (2024: 42 to 50 years). At 31 December 2025, the remaining periods of the land-use rights range from 30 to 49 years (2024: 31 to 50 years).

As at 31 December 2025, certain land-use rights with carrying value of RMB365,285,000 (2024: RMB309,873,000) were pledged to secure the Group's bank loans and other borrowings (note 25(iii)).

The Group leases other offices, dormitories and warehouses expiring from 1 to 8 years. All leases include an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes variable lease payments.

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

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities (note 6(a))	1,201	881
Expenses relating to short-term leases	522	685
	1,723	1,566

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 22 and 26, respectively.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

15. INTANGIBLE ASSETS

	Electroplating wastewater treatment operation rights RMB'000	Software RMB'000	Total RMB'000
Cost			
At 1 January 2024	6,144	3,462	9,606
Addition	486	2,947	3,433
At 31 December 2024	6,630	6,409	13,039
Addition	1,194	1,392	2,586
At 31 December 2025	7,824	7,801	15,625
Accumulated amortisation			
At 1 January 2024	(4,447)	(676)	(5,123)
Charge for the year	(696)	(532)	(1,228)
At 31 December 2024	(5,143)	(1,208)	(6,351)
Charge for the year	(738)	(737)	(1,475)
At 31 December 2025	(5,881)	(1,945)	(7,826)
Net book value			
At 31 December 2025	1,943	5,856	7,799
At 31 December 2024	1,487	5,201	6,688

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

16. INVESTMENT IN SUBSIDIARIES

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

Name of company	Place of incorporation and business	Particulars of issued and registered capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Huizhou Kimou Industrial Investment Co., Ltd. (i) 惠州金茂實業投資有限公司	Huizhou, the PRC	RMB600,000,000	100.00%	–	100.00%	Investment property development and management
Huizhou Jinzefeng Trading Co., Ltd. (i) 惠州金澤豐貿易有限公司	Huizhou, the PRC	RMB20,000,000	100.00%	–	100.00%	Sales of chemical materials
Huizhou Jinmaoyuan (i) 惠州金茂源環保科技有限公司	Huizhou, the PRC	RMB160,000,000	100.00%	–	100.00%	Provision of electroplating wastewater processing and related services
Tianjin Bingang (i) 天津濱港電鍍企業管理有限公司	Tianjin, the PRC	RMB589,880,000	89.72%	–	89.72%	Provision of electroplating wastewater processing and related services
Jiangsu Jinmaochengxing Environmental Technology Co., Ltd. (i) ("Jiangsu Jinmaochengxing") 江蘇金茂成興環保科技有限公司	Taizhou, the PRC	RMB1,137,000,000	68.00%	–	68.00%	Provision of electroplating wastewater processing and related services
Taizhou Jincheng Environmental Technology Co., Ltd. (i) 泰州金成環保科技有限公司	Taizhou, the PRC	RMB800,000,000	68.00%	–	68.00%	Investment property development and management
Hubei Jinmao Environmental Technology Co., Ltd. (i) 湖北金茂環保科技有限公司	Jingzhou, the PRC	RMB750,000,000	100%	–	100%	Investment property development and management
Jinyuan (Jingzhou) Environmental Technology Co., Ltd. (i) 金源(荊州)環保科技有限公司	Jingzhou, the PRC	RMB200,000,000	100%	–	100%	Provision of electroplating wastewater processing and related services
Sichuan Jinmaoyuan Environmental Technology Co., Ltd. (i) 四川金茂源環保科技有限公司	Qingshen, the PRC	RMB700,000,000	100%	–	100%	Provision of electroplating wastewater processing and related services
Qingshen Jinyuan Operation Management Co., Ltd. (i) 青神金源區區連營管理有限公司	Qingshen, the PRC	RMB100,000,000	100%	–	100%	Investment property development and management

(i) The official name of the entity is in Chinese. The English translation of the name is for reference only.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

16. INVESTMENT IN SUBSIDIARIES *(Continued)*

The following table lists out the information relating the subsidiaries of the Group which has a material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

	Tianjin Bingang		Jiangsu Jinmaochengxing	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
NCI percentage	10.28%	10.28%	32.00%	32.00%
Current assets	332,912	406,015	222,673	293,472
Non-current assets	944,363	980,209	1,677,966	1,209,903
Current liabilities	(405,323)	(593,700)	(359,785)	(350,153)
Non-current liabilities	(409,460)	(367,858)	(844,264)	(565,370)
Net assets	462,492	424,666	696,590	587,852
Carrying amount of NCI	47,423	43,676	185,409	200,273
Revenue	284,897	249,549	139,757	67,357
Profit/(loss) for the year	36,441	27,202	(46,451)	(58,253)
Total comprehensive income	36,441	27,202	(46,451)	(58,253)
Profit/(loss) allocated to NCI	3,747	2,796	(14,864)	(18,641)
Net cash generated from operating activities	155,597	45,158	25,101	42,743
Net cash (used in) investing activities	(36,101)	(35,637)	(490,236)	(530,657)
Net cash generated from/(used in) financing activities	(115,257)	(84,243)	410,362	499,042

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

17. INVESTMENTS IN ASSOCIATES

The following list contains the particulars of associates, which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued/paid-up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Tianjin Qianfeng New Energy Co., Ltd. (i)	Incorporated	The PRC	RMB10,000,000/ RMB10,000,000	20%	–	20%	Power generation and transportation
Huizhou Qianfeng New Energy Technology Co., Ltd. (i)	Incorporated	The PRC	RMB10,000,000/ RMB5,000,000	20%	–	20%	Power generation and transportation
Jingzhou Qianfeng New Energy Technology Co., Ltd. (i)	Incorporated	The PRC	RMB10,000,000/ RMB2,000,000	20%	–	20%	Power generation and transportation
Meishan Qianfeng New Energy Technology Co., Ltd. (i)	Incorporated	The PRC	RMB10,000,000/ Nil	20%	–	20%	Power generation and transportation
Taixing Qianfeng New Energy Technology Co., Ltd. (i)	Incorporated	The PRC	RMB10,000,000/ RMB50,000	20%	–	20%	Power generation and transportation

(i) The official names of these entities are in Chinese. The English translation of the names is for identification only.

All of the above associates are accounted for using the equity method in the consolidated financial statements

Aggregate information of associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	5,024	3,741
Aggregate amounts of the Group's share of those associates' profit or loss and total comprehensive income from continuing operations	483	367

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

18. OTHER FINANCIAL ASSETS

	2025 RMB'000	2024 RMB'000
Unlisted equity securities measured at FVPL	2,595	3,064

The unlisted equity securities represented the 5% shares in a local commercial bank incorporated in the PRC and engaging in provision of banking and financing services. No dividend was received on this investment during the year (2024: Nil).

19. INVENTORIES

	2025 RMB'000	2024 RMB'000
Merchandise	5,817	5,689
Consumables	35,335	23,151
	41,152	28,840

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold and consumed (note 6(c))	691,123	474,897

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

20. TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Current		
Trade debtors	284,238	196,116
Bills receivables	28,341	18,500
Less: Allowance for expected credit losses (note 30(a))	(22,861)	(7,723)
	289,718	206,893
Deductible input VAT	169,434	134,663
Prepayments	12,364	10,163
Other receivables	7,518	5,078
Advances to third parties	15,993	104,005
Less: Allowance for expected credit losses (note 30(a))	(774)	(4,188)
	15,219	99,817
Amounts due from related parties (note 33(c))	1,080	776
	495,333	457,390
Non-current		
Prepayments for purchase of property, plant and equipment and right of use assets	28,281	35,861
Prepayment of loan service fee	3,341	2,565
Deposits for other borrowings	6,700	–
	38,322	38,426
Total	533,655	495,816

All of the trade and other receivables, apart from those classified as non-current portion, are expected to be recovered or recognised as expense within one year.

As at 31 December 2025, the Group endorsed certain bank acceptance bills totalling RMB10,793,000 (2024: RMB1,135,000) to suppliers and contractors for settling payables of the same amount on a full recourse basis. These bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of the directors, the Group have transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group have limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable. Accordingly, the Group has derecognised these bills receivable and the payables in their entirety.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

20. TRADE AND OTHER RECEIVABLES *(Continued)*

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivables, based on the invoice date or bill acceptance date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 month	212,029	170,368
1 to 3 months	30,566	22,850
4 to 6 months	16,074	7,813
Over 6 months	31,049	5,862
	289,718	206,893

Trade debtors and bills receivable are due within 15 to 90 days from the date of billing or bills receivable issuance. Further details on the Group's credit policy and credit risk arising from trade debtors are set out in note 30(a).

21. RESTRICTED DEPOSITS WITH BANKS

	2025 RMB'000	2024 RMB'000
Pledged deposits (i)	47,837	47,824

(i) As at 31 December 2025 and 2024, the deposits with banks have been pledged as securities for bank loans (note 25(iii)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

22. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2025 RMB'000	2024 RMB'000
Cash on hand	41	122
Cash at bank	193,141	217,833
Other cash and cash equivalents	–	1,450
Cash and cash equivalents	193,182	219,405

As at 31 December 2025, cash and cash equivalents situated in Chinese Mainland amounted to RMB170,758,000 (2024: RMB207,060,000). Remittance of funds out of Chinese Mainland is subject to the relevant rules and regulations of foreign exchange control.

(b) Reconciliation of profit before taxation to cash generated from operations:

	2025 RMB'000	2024 RMB'000
Profit before taxation	177,115	166,077
Adjustment for:		
Depreciation and amortisation	311,226	265,994
Finance costs	118,292	138,968
Interest income	(4,429)	(8,628)
Foreign exchange gain	(5,268)	(2,297)
Loss arising from disposal of property, plant and equipment and construction in progress	8,925	5,945
Gain arising from disposal of investment property, construction in progress, right-of-use assets and non-current assets held-for-sale	(1,754)	(12,704)
Change in fair value of other financial assets through profit or loss	469	850
Share of profit or loss of associates	(483)	(367)
Impairment loss on trade and other receivables	13,396	9,535
Change in working capital:		
(Increase)/decrease in inventories	(12,312)	414
Increase in trade and other receivables	(83,942)	(57,788)
Increase in trade and other payables	52,553	34,491
Increase in contract liabilities	45,854	4,949
Increase/(decrease) in deferred income	10,675	(611)
Cash generated from operations	630,317	544,828

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

22. CASH AND CASH EQUIVALENTS (Continued)

(c) Significant investing activities not requiring the use of cash:

	2025 RMB'000	2024 RMB'000
Purchase of property, plant and equipment and investment property settled by bills endorsement	14,771	12,467

(d) Significant financing activities not requiring the use of cash:

	2025 RMB'000	2024 RMB'000
Other borrowings settled by bills endorsement	–	–

(e) Reconciliation of liabilities arising from financing activities

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

	Bank loans RMB'000 (Note 25)	Liabilities arising from other borrowings RMB'000 (Note 25)	Interest payable RMB'000 (Note 23)	Deferred consideration for acquisition of non- controlling interests RMB'000 (Note 23)	Lease liabilities RMB'000 (Note 26)	Total RMB'000
At 1 January 2025	2,801,241	274,477	3,926	655	13,446	3,093,745
Changes from financing cash flow:						
Proceeds from bank loans and other borrowings	1,094,822	216,700	–	–	–	1,311,522
Repayments of bank loans and other borrowings	(884,047)	(78,531)	–	–	–	(962,578)
Interest paid	–	–	(126,506)	–	–	(126,506)
Payments for deferred consideration for acquisition of non-controlling interests	–	–	–	(655)	–	(655)
Capital element of lease rentals paid (note 22(f))	–	–	–	–	(5,075)	(5,075)
Total changes from financing cash flows	210,775	138,169	(126,506)	(655)	(5,075)	216,708
Increase in lease liabilities from entering into new leases during this period	–	–	–	–	26,064	26,064
Interest on bank loans and other borrowings (note 6(a))	–	–	125,360	–	–	125,360
Interest on lease liabilities (note 6(a))	–	–	–	–	1,201	1,201
Total Other change	–	–	125,360	–	27,265	152,625
At 31 December 2025	3,012,016	412,646	2,780	–	35,636	3,463,078

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

22. CASH AND CASH EQUIVALENTS (Continued)

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

	Bank loans RMB'000 (Note 25)	Liabilities arising from other borrowings RMB'000 (Note 25)	Interest payable RMB'000 (Note 23)	Deferred consideration for acquisition of non- controlling interests RMB'000 (Note 23)	Lease liabilities RMB'000 (Note 26)	Total RMB'000
At 1 January 2024	2,679,963	70,717	6,704	655	15,208	2,773,247
Changes from financing cash flow:						
Proceeds from bank loans and other borrowings	1,332,778	300,000	-	-	-	1,632,778
Repayments of bank loans and other borrowings	(1,211,500)	(96,240)	-	-	-	(1,307,740)
Interest paid	-	-	(141,303)	-	-	(141,303)
Capital element of lease rentals paid (note 22(f))	-	-	-	-	(2,643)	(2,643)
Total changes from financing cash flows	121,278	203,760	(141,303)	-	(2,643)	181,092
Interest on bank loans and other borrowings (note 6(a))	-	-	138,525	-	-	138,525
Interest on lease liabilities (note 6(a))	-	-	-	-	881	881
Total Other change	-	-	138,525	-	881	139,406
At 31 December 2024	2,801,241	274,477	3,926	655	13,446	3,093,745

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

22. CASH AND CASH EQUIVALENTS *(Continued)*

(f) Amount included in the consolidated statement of cash flows for lease comprise the following:

	2025 RMB'000	2024 RMB'000
Within operating cash flows	522	685
Within financing cash flows	5,075	2,643

23. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	98,315	88,618
Deposits due to tenants	259,445	241,020
Payables for equipment and construction	276,003	217,819
Interest payable	2,780	3,926
Payroll payable	39,929	35,752
Amounts due to related parties (note 33(c))	1,483	703
Consideration for acquisition of non-controlling interests	–	655
Other tax payables	5,208	10,949
Lease payments received in advance	206	26
Others	20,913	23,211
Total	704,282	622,679

Deposits due to tenants represented the rental and facilities usage deposits, which might be repayable to customers after more than one year. All of the other trade payables, other payables, accruals and amounts due to related parties are expected to be settled within one year or are repayable on demand.

The credit period granted by the suppliers is 30 to 90 days.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

23. TRADE AND OTHER PAYABLES (Continued)

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

	2025 RMB'000	2024 RMB'000
Within 1 month	70,659	67,002
1 to 3 months	19,990	14,885
4 to 6 months	3,290	4,805
Over 6 months	4,376	1,926
	98,315	88,618

24. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Current		
Payments of goods prepaid by customers	15,202	9,026
Service fees prepaid by customers	7,162	4,506
	22,364	13,532
Non-current		
Service fees prepaid by customers	37,022	–
	59,386	13,532

Service fees and payments of goods from customers are recorded as contract liabilities in the consolidated statement of financial position at the time of receipt. Revenue from provision of services and sales for goods is recognised according to the accounting policy set out in note 1(u).

Movements in contract liabilities

	2025 RMB'000	2024 RMB'000
Balance at 1 January	13,532	8,583
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	(13,532)	(8,583)
Increase in contract liabilities as a result of receiving services fees and payments of goods in advance as at the year end	59,386	13,532
Balance at 31 December	59,386	13,532

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

25. BANK LOANS AND OTHER BORROWINGS

At 31 December 2025, the bank loans and other borrowings were as follows:

	2025 RMB'000	2024 RMB'000
Secured and guaranteed bank loans (iii)(iv)	3,012,016	2,801,241
Secured other borrowings (i)(iii)(iv)	411,502	273,333
Unsecured and unguaranteed other borrowings (ii)	1,144	1,144
	3,424,662	3,075,718

At 31 December 2025, the bank loans and other borrowings were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year or on demand	822,362	864,857
After 1 year but within 2 years	653,399	493,581
After 2 years but within 5 years	1,179,221	1,285,987
After 5 years	769,680	431,293
Sub-total	2,602,300	2,210,861
Total	3,424,662	3,075,718

- (i) Secured other borrowings represent loans received from financial institutions other than banks in the PRC.
- (ii) Unsecured and unguaranteed other borrowings represented loan from a non-controlling shareholder of a subsidiary with a fixed-interest rate at 6% per annum, and are repayable in December 2028.
- (iii) Secured bank loans and other borrowings as at 31 December 2025 and 2024 were secured by certain of the Group's charge rights of rental income, equity interests of certain subsidiaries of the Group in the PRC, property, plant and equipment (note 11), investment property (note 12), land-use rights (note 14), deposits for other borrowings (note 20) and pledged deposits (note 21). As at 31 December 2025, bank loans and other borrowings amounted to RMB3,423,518,000 (2024: RMB3,074,574,000) were guaranteed by certain directors of the Company, close family members of directors, non-controlling shareholders of the Company or non-controlling shareholders of certain subsidiaries of the Group in the PRC.
- (iv) As at 31 December 2025, bank loans and other borrowings amounted to RMB3,424,662,000 (2024: RMB3,075,718,000) are subject to the fulfillment of covenants, which are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 30(b). In addition, pursuant to the terms of the bank loan agreements, certain subsidiaries are not allowed to distribute profit and/or to obtain other external financing prior to the lenders' approval. As at 31 December 2025, none of the covenants relating to drawn down facilities had been breached.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

26. LEASE LIABILITIES

	2025		2024	
	Present value of the future lease payments RMB'000	Total future lease payments RMB'000	Present value of the future lease payments RMB'000	Total future lease payments RMB'000
Within 1 year	5,982	7,388	1,882	2,650
After 1 year but within 2 years	6,218	7,354	1,966	2,612
After 2 years but within 5 years	20,409	22,062	6,503	7,662
After 5 years	3,027	3,039	3,095	3,194
	29,654	32,455	11,564	13,468
	35,636	39,843	13,446	16,118
Less: total future interest expenses		(4,207)		(2,672)
Present value of lease liabilities		35,636		13,446

27. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
At the beginning of the year	99,808	100,419
Additions	21,319	9,488
Credited to profit or loss (note 4)	(10,644)	(10,099)
At the end of the year	110,483	99,808

Deferred income consists of deferred government grants and subsidies for acquisition of right-of-use assets and construction of certain property, plant and equipment. The grants and subsidies from local government were conditional and the conditions would be fulfilled upon the completion of acquisition of right-of-use assets or construction of certain property, plant and equipment of the Group. The grants will be recognised as income in profit or loss on a systematic basis over the estimated useful lives of the right-of-use assets and property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

28. INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	2025 RMB'000	2024 RMB'000
At the beginning of the year	14,975	17,711
Provision for PRC income tax charged for the year (note 7(a))	44,088	48,011
Dividend withholding tax for the year (note 7(a))	13,300	6,000
PRC income tax paid	(42,104)	(50,747)
Withholding tax paid on distribution of dividends	(13,300)	(6,000)
At the end of the year	16,959	14,975

(b) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities

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

	Unused tax loss RMB'000	Government grant RMB'000	Revaluation of other financial assets RMB'000	Withholding tax on distribution of profit from PRC to HK RMB'000	Others RMB'000	Net deferred tax asset RMB'000
At 1 January 2024	(34,101)	(11,371)	(1,521)	5,850	(989)	(42,132)
Charged/(Credited) to profit or loss (note 7(a))	4,877	1,216	(213)	7,650	(1,993)	11,537
Transferred to current tax (note 7(a))	-	-	-	(6,000)	-	(6,000)
At 31 December 2024	(29,224)	(10,155)	(1,734)	7,500	(2,982)	(36,595)
Charged/(Credited) to profit or loss (note 7(a))	5,058	1,035	(117)	10,803	(7,197)	9,582
Transferred to current tax (note 7(a))	-	-	-	(13,300)	-	(13,300)
At 31 December 2025	(24,166)	(9,120)	(1,851)	5,003	(10,179)	(40,313)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

28. INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(Continued)*

(b) Deferred tax assets and liabilities recognised *(Continued)*

(ii) Reconciliation to the consolidated statements of financial position:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets in the consolidated statement of financial position	(45,316)	(44,095)
Net deferred tax liabilities in the consolidated statement of financial position	5,003	7,500
	(40,313)	(36,595)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(s), the Group has not recognised deferred tax assets in respect of cumulative tax losses as at 31 December 2025 of RMB534,322,000 (2024: RMB401,611,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entities.

The expiration information of the Group's unrecognised deferred tax assets in respect of cumulative tax losses is set out below:

	2025 RMB'000	2024 RMB'000
2024	–	951
2025	2,256	2,256
2026	31,764	31,764
2027	69,915	69,915
2028	142,620	142,620
2029	154,105	154,105
2030	133,662	–
	534,322	401,611

All the tax losses of subsidiaries of the Group in PRC can be carried forward for a maximum period of five years.

(d) Deferred tax liabilities not recognised

As at 31 December 2025, deferred tax liabilities of RMB5,462,000 (2024: RMB7,268,000) in respect of the dividend withholding tax relating to the undistributed profits of the Company's subsidiaries were not recognised as the Company controls the dividend policy of these subsidiaries. Based on the assessment made by management as at 31 December 2025, it was determined that the undistributed profits of the Company's subsidiaries would not be distributed in the foreseeable future. The amounts of undistributed profit of the Company's subsidiaries are set out below:

	2025 RMB'000	2024 RMB'000
Distributable profits earned by PRC subsidiaries on or after 1 January 2008	109,238	145,360

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

29. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

Company	Note	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Shares repurchased for cancellation RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024		97,412	537,091	17,910	(1,355)	(48,433)	602,625
Changes in equity for 2024:							
Loss for the year		-	-	-	-	(6,398)	(6,398)
Other comprehensive income		-	-	11,007	-	-	11,007
Total comprehensive income		-	-	11,007	-	(6,398)	4,609
Dividends approved in respect of the previous year		-	(100,514)	-	-	-	(100,514)
Cancellation of shares		(129)	(1,226)	-	1,355	-	-
At 31 December 2024 and 1 January 2025		97,283	435,351	28,917	-	(54,831)	506,720
Changes in equity for 2025:							
Profit for the year		-	-	-	-	727,409	727,409
Other comprehensive expenses		-	-	(118,044)	-	-	(118,044)
Total comprehensive income		-	-	(118,044)	-	727,409	609,365
Dividends approved in respect of the previous year		-	-	-	-	(254,671)	(254,671)
As at 31 December 2025		97,283	435,351	(89,127)	-	417,907	861,414

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

29. CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Dividends

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

	2025 RMB'000	2024 RMB'000
Final dividend proposed after the end of the reporting period of HKD nil per ordinary share (2024: HKD0.15)	–	153,866

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period, and it is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

	2025 RMB'000	2024 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HKD0.15 per ordinary share (2024: 0.10)	153,866	100,514

(iii) Dividends payable to equity shareholders of the Company attributable to this financial year, approved and paid during the year.

	2025 RMB'000	2024 RMB'000
Interim dividend in respect of this financial year, approved and paid during the year, of HKD0.10 per ordinary share (2024: nil)	100,805	–

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

29. CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share capital

(i) Issued share capital of the Company

	Number of Shares of HK\$0.1 each	HKD	RMB equivalent
At 1 January 2024	1,109,176,000	110,917,600	97,412,488
Cancellation of shares	(1,426,000)	(142,600)	(129,210)
At 31 December 2024, 1 January 2025 and 31 December 2025	1,107,750,000	110,775,000	97,283,278

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Cancellation of own shares

During the year ended 31 December 2024 has cancelled 1,426,000 shares repurchased.

(d) Nature and purposes of reserves

(i) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the funds in the share premium account and other reserve account of the Company are distributable to the shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

The capital reserve represents the difference between the increase of share capital and total capital injection made by shareholders to a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

29. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purposes of reserves *(Continued)*

(iii) PRC other and statutory reserve

According to the PRC Company Law, the Company's PRC subsidiaries are required to transfer 10% of their profit after taxation, as determined under the PRC accounting regulations, to statutory reserve until the reserve balance reaches 50% of the registered capital. For the purpose of calculating the transfer to reserve, the profit after taxation shall be the amount determined based on the statutory financial statements prepared in accordance with PRC accounting standards. The transfer to this reserve must be made before distribution of dividend to shareholders.

Statutory reserve can be used to reduce losses of prior years, if any, and may be converted into paid-in capital in proportion to the existing equity interests of shareholders.

Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC, the Group is required to set aside an amount to a safety fund for its dangerous goods production and storage business. The fund can be used for improvements of safety at the worksite, and is not available for distribution to shareholders. Upon incurring qualifying safety expenditures, an equivalent amount is transferred from safety fund to retained earnings.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies with functional currency other than RMB presentation currency. The reserve is dealt with in accordance with the accounting policy set out in note 1(v).

(e) Distributability of reserve

As at 31 December 2025, the aggregate amounts of reserves available for distribution to equity shareholders of the Company was HKD944,685,000 (equivalent to RMB853,258,000) (2024: HKD410,929,000 (equivalent to RMB380,520,000)), which comprises of share premium and offset by accumulated losses of the Company.

(f) Capital management

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

29. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(f) Capital management *(Continued)*

The Group monitors its capital structure on the basis of adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes bank loans and other borrowings and lease liabilities) less cash and cash equivalents and restricted deposits with banks.

The Group's adjusted net debt-to-equity ratio as at 31 December 2025 and 2024 was as follows:

	2025 RMB'000	2024 RMB'000
Current liabilities:		
Bank loans and other borrowings	822,362	864,857
Lease liabilities	5,982	1,882
	828,344	866,739
Non-current liabilities:		
Bank loans and other borrowings	2,602,300	2,210,861
Lease liabilities	29,654	11,564
	3,460,298	3,089,164
Less: Cash and cash equivalents	(193,182)	(219,405)
Restricted deposits with banks	(47,837)	(47,824)
Adjusted net debt	3,219,279	2,821,935
Total equity	1,305,907	1,375,091
Adjusted net debt-to-equity ratio	2.47	2.05

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents and restricted deposits with banks is limited because the counterparties are banks and financial institutions, for which the Group considers having low credit risk.

Trade and bills receivables

Rental and facilities usage deposits are received from customers by the Group to reduce potential exposure to credit risk. Normally, the Group does not obtain other collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 1% (2024: 1%) and 6% (2024: 9%) of the total trade and bills receivables was due from the Group's largest customer and the five largest customers of the Group.

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

The following table provides information about the Group's exposure to credit risk and ECLs for trade and bills receivables as at 31 December 2025 and 2024:

	2025			2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.96%	215,850	2,081	0.55%	176,085	975
1 month past due	14.04%	11,744	1,649	7.77%	11,680	907
1–3 months past due	14.04%	25,908	3,638	11.26%	11,943	1,345
4–6 months past due	26.58%	11,895	3,162	26.28%	4,469	1,174
6–12 months past due	16.73%	40,490	6,776	24.88%	8,496	2,114
Over 1 year past due	83.01%	6,692	5,555	62.18%	1,943	1,208
		312,579	22,861		214,616	7,723

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

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

(a) Credit risk *(Continued)*

Trade and bills receivables *(Continued)*

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2025 RMB'000	2024 RMB'000
Balance at 1 January	7,723	3,997
Amounts written off	(1,672)	(1,621)
Impairment losses recognised	16,810	5,347
Balance at 31 December	22,861	7,723

Advances to third parties

Management makes periodic individual assessment on the recoverability of advances to third parties based on historical settlement records, past experience, effective interest rate determined at initial recognition of 9.5% and also quantitative and qualitative forward-looking information that is reasonable and supportable. Management believes that part of advances have no significant increase in credit risk since initial recognition and the Group provided impairment based on 12-months ECLs amounting to RMB nil for the year ended 31 December 2025 (2024: RMB47,000). Remaining part of advances are considered have significant increase in credit risk (but not credit impaired) since initial recognition and the Group reversed impairment based on lifetime ECLs amounting to RMB3,414,000 for the year ended 31 December 2025 (2024: provided impairment of RMB4,141,000).

Movement in the loss allowance account in respect of advances to third parties during the year is as follows:

	2025 RMB'000	2024 RMB'000
Balance at 1 January	4,188	–
Impairment losses (reversal)/recognised	(3,414)	4,188
Balance at 31 December	774	4,188

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

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

(b) Liquidity risk *(Continued)*

The following tables show the remaining contractual maturities as at 31 December 2025 of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2025					Total	Carrying amount
	Contractual undiscounted cash outflow						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings	922,800	732,323	1,317,052	873,846	3,846,021	3,424,662	
Lease liabilities	7,388	7,354	22,062	3,039	39,843	35,636	
Trade and other payables	658,939	–	–	–	658,939	658,939	
Total	1,589,127	739,677	1,339,114	876,885	4,544,803	4,119,237	

	2024					Total	Carrying amount
	Contractual undiscounted cash outflow						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings	992,228	585,977	1,466,443	476,979	3,521,627	3,075,718	
Lease liabilities	2,650	2,612	7,662	3,194	16,118	13,446	
Trade and other payables	575,952	–	–	–	575,952	575,952	
Total	1,570,830	588,589	1,474,105	480,173	4,113,697	3,665,116	

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

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

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank loans and other borrowings issued at variable rates that expose the Group to cash flow interest rate risk respectively. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's financial instruments at the end of the reporting period:

	2025		2024	
	Effective interest rate %	RMB'000	Effective interest rate %	RMB'000
Fixed rate:				
Lease liabilities	3.60–6.51	35,636	4.75–6.51	13,446
Bank loans and other borrowings	3.2–6.0	814,905	3.89–6.60	1,338,572
		850,541		1,352,018
Variable rate:				
Bank loans	3.0–4.0	2,609,757	3.70–6.60	1,737,146

(ii) Sensitivity analysis

At 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB19,573,000 (2024: RMB13,052,000). The impact on the Group's profit after tax is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis as 2024.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

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

(d) Currency risk

Individual companies within the Group have limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. However, as the principal subsidiaries mainly carried out transactions in RMB, therefore any appreciation or depreciation of Hong Kong dollar against RMB will affect the Group's financial position and be reflected in the exchange reserve.

(e) Fair value measurement

Individual companies within the Group have limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. However, as the principal subsidiaries mainly carried out transactions in RMB, therefore any appreciation or depreciation of Hong Kong dollar against RMB will affect the Group's financial position and be reflected in the exchange reserve.

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3: Fair value measured using significant unobservable inputs.

	Fair value at	Fair value measurements as at		
	31 December	31 December 2025 categorised into		
	2025	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Other financial assets:				
Unlisted equity securities	2,595	–	2,595	–

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

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

(e) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value *(Continued)*

Fair value hierarchy (Continued)

	Fair value at	Fair value measurements as at		
	31 December	31 December 2024 categorised into		
	2024	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000

Recurring fair value measurement

Other financial assets:

Unlisted equity securities	3,064	–	3,064	–
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During the years ended 31 December 2025 and 2024, the fair value of unlisted equity instruments in level 2 is determined by the directors of the Company with reference to the valuation performed, using the price/net assets ratios of comparable listed companies adjusted for lack of marketability discount, by an independent qualified professional valuer.

(ii) Fair value of financial assets and liabilities carried at other than fair value

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

31. CONTINGENT LIABILITY

Contingent liability in respect of legal claim

As at 31 December 2025, the Group does not have material contingent liability (2024: Nil).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

32. COMMITMENTS AND FINANCIAL GUARANTEES

(a) Commitments

Commitments outstanding at 31 December 2025 and 2024 not provided for in the financial statements were as follows:

	2025 RMB'000	2024 RMB'000
Contracted for		
— Construction of industrial parks	267,594	408,131

(b) Financial guarantees

The Group provides guarantees of RMBnil (2024: RMB13,630,000) to banks in connection with factory purchasers' borrowing of mortgage loans to finance their purchase of the properties. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is entitled to retain the legal title and take over the possession of the related properties. Therefore, the directors of the Company consider the Group would likely recover any loss incurred arising from the guarantee by re-selling the repossessed properties. The guarantees are to be discharged upon issuance of the properties ownership certificates to the purchasers and the properties are pledged to the banks by the purchasers. The directors have assessed and considered the financial impact arising from the above guarantee is insignificant.

As at 31 December 2025, all guarantees are discharged and the purchasers have obtained properties ownership certificates for those factories.

33. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows.

	2025 RMB'000	2024 RMB'000
Salaries and other benefits	6,772	7,197
Retirement scheme contributions	213	220
	6,985	7,417

Total remuneration is included in "staff costs" (note 6(b)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

33. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Related parties transaction

During the year ended 31 December 2025, the Group entered into the following material related party transactions:

	2025 RMB'000	2024 RMB'000
Provision of rental service to related parties	–	5
Purchase of rental service from related parties	2,238	2,963
Sale of property, plant and equipment to related parties	97	98
Renovation cost paid to related parties	96	1,225
Provision of consulting service to associates	1,415	881
Purchase of photovoltaic power from associates	10,549	6,798
Purchase of good from related parties	–	436

(c) Balance with related parties

(i) Amount due from related parties (note 20)

	2025 RMB'000	2024 RMB'000
Trade receivables from:		
— Related parties	32	–
— Associates	147	79
	179	79
Other receivables from:		
— Related parties	696	696
— Associates	205	1
	901	697

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

33. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Balance with related parties (Continued)

(ii) Amount due to related parties (note 23)

	2025 RMB'000	2024 RMB'000
Trade payables to:		
— Related parties	15	–
— Associates	879	657
	894	657
Other payables to:		
— Related parties	589	46

The balances with these related parties are unsecured, interest-free and repayable on demand. These related parties are controlled by Mr. Zhang Lianghong, Chairman and Chief Executive Officer of the Company.

(d) Leasing arrangement

	2025 RMB'000	2024 RMB'000
Lease liabilities due to related parties:		
— Related interest expense	768	881
— Amounts owed by the Group	11,539	13,446

For the year ended 31 December 2025, the Group has two lease agreements with two related parties (2024: three lease agreement with two related parties) for use of buildings and warehouses.

(e) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of notes 33(b) and 33(d) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules for the year ended 31 December 2025. The disclosures required by Chapter 14A of the Listing Rules are provided in section headed "Related party transactions" of the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed to Renminbi unless otherwise indicated)

34. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Other receivable		2,330	532
Amounts due from subsidiaries		1,025,890	553,010
Investments in subsidiaries	16	—*	—*
		1,028,220	553,542
Current assets			
Other receivables		17	17
Restricted deposits with a bank		9,326	9,528
Cash and cash equivalents		16,358	8,752
		25,701	18,297
Current liabilities			
Bank loans		44,704	49,918
Other payables		147,803	15,201
		192,507	65,119
Net assets		861,414	506,720
CAPITAL AND RESERVE			
Share capital	29(a)	97,283	97,283
Reserve		764,131	409,437
Total equity		861,414	506,720

* The balance represents amount less than RMB1,000.

35. IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

At 31 December 2025 and 2024, the directors consider the immediate controlling party to be Flourish Investment International Limited, while the ultimate controlling party of the Company as at 31 December 2025 and 2024 to be Mr. Zhang Lianghong.

FIVE YEAR FINANCIAL SUMMARY

RESULTS

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	1,680,081	1,394,084	1,178,414	1,095,791	927,750
Other revenue	29,471	29,315	21,503	24,370	10,787
Depreciation and amortisation	(311,226)	(265,994)	(264,263)	(219,213)	(203,637)
Cost of inventories	(691,123)	(474,897)	(362,791)	(342,189)	(309,383)
Staff costs	(185,815)	(168,633)	(139,622)	(133,404)	(102,251)
Utility costs	(38,763)	(40,096)	(37,918)	(32,930)	(25,423)
Other expenses	(167,182)	(166,487)	(136,377)	(134,232)	(126,226)
Other income/(loss), net	(6,640)	7,288	(799)	(2,688)	(1,453)
Impairment losses on trade receivables	(13,396)	(9,535)	(3,882)	(1,834)	–
Profit from operations	295,407	305,045	254,265	253,671	170,164
Finance costs	(118,292)	(138,968)	(136,957)	(101,460)	(91,365)
Profit before taxation	177,115	166,077	117,308	152,211	78,799
Income tax	(53,670)	(59,548)	(35,216)	(43,506)	(31,035)
Profit for the year	123,445	106,529	82,092	108,705	47,764
Attributable to:					
Equity shareholders	134,779	122,611	91,167	111,235	55,915
Non-controlling interests	(11,334)	(16,082)	(9,075)	(2,530)	(8,151)
Profit for the year	123,445	106,529	82,092	108,705	47,764

ASSETS AND LIABILITIES

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total assets	5,662,318	5,222,749	4,934,102	4,372,118	3,535,446
Total liabilities	4,356,411	3,847,658	3,691,527	3,006,665	2,293,811
Total assets less current liabilities	4,090,369	3,704,824	3,174,047	3,016,155	2,426,404
Total equity attributable to the equity shareholders of the Company	1,032,698	1,149,748	1,132,990	1,141,404	1,038,776

SCHEDULE OF INVESTMENT PROPERTIES

Item	Address	Parcel No.	Use	Category of the lease	Percentage held by the Group
1	Portions of an industrial complex located at Longhua Road, Longxi Street, Boluo County, Huizhou City, Guangdong Province, the PRC	441322021005GB00669	Industrial	Medium term	100%
		441322021002GB00265	Industrial	Medium term	100%
2	Portions of an industrial complex located at Zhongwang Town, Jinghai District, Tianjin City, the PRC	1202231072202010000	Industrial	Medium term	89.72%
		1202231072202030000	Industrial	Medium term	89.72%
		1202231072202040000	Industrial	Medium term	89.72%
		1202231072202020000	Industrial	Medium term	89.72%
		1202231072012120000	Industrial	Medium term	89.72%
		1202231072200040001	Industrial	Medium term	89.72%
		1202231072200040003	Industrial	Medium term	89.72%
1202231072200040004	Industrial	Medium term	89.72%		
3	Portions of an industrial complex located at Meide Road, Shashi District, Jingzhou City, Hubei Province, the PRC	421002101010GB00005	Industrial	Medium term	100%
		421002101010GB00006	Industrial	Medium term	100%
		421002101010GB00007	Industrial	Medium term	100%
		421002101010GB00013	Industrial	Medium term	100%
		421002101010GB00018	Industrial	Medium term	100%
4	Jinmao Road, Qingshen County, Sichuan Province, the PRC	511425006011GB00012W00000000	Industrial	Medium term	100%
		511425006011GB00007W00000000	Industrial	Medium term	100%
		511425005005GB00028W00000000	Industrial	Medium term	100%
5	Taixing Economic Development Zone (泰興經濟開發區), in Taixing City, Jiangsu Province, the PRC	321283600001GB00019W00000000	Industrial	Medium term	68%
		321283600001GB00020W00000000	Industrial	Medium term	68%
		321283123204JB000001W00000000	Industrial	Medium term	68%
		321283123204GB00003W00000000	Industrial	Medium term	68%
		321283123204GB00004W00000000	Industrial	Medium term	68%
		321283600001GB00025W00000000	Industrial	Medium term	68%
		321283600001GB00024W00000000	Industrial	Medium term	68%