



美联股份

USAS BUILDING SYSTEM (SHANGHAI) CO., LTD.

美联钢结构建筑系统(上海)股份有限公司

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

Stock Code : 2671



# Annual Report 2025



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# Corporate Information

<b>Registered Office</b>	No. 208, Jiangtian East Road Songjiang District, Shanghai PRC
<b>Headquarters and Principal Place of Business in the PRC</b>	No. 208, Jiangtian East Road Songjiang District, Shanghai PRC
<b>Principal Place of Business in Hong Kong</b>	46F, Hopewell Center 183 Queen's Road East, Wan Chai Hong Kong
<b>Stock Code</b>	02671.HK
<b>Company's Website</b>	www.usas.com
<b>BOARD OF DIRECTORS</b>	
<b>Executive Directors</b>	Mr. Brian B. Y. Chen (陳博彥) Ms. Angela Chen Mah (陳嘉琪)
<b>Non-executive Directors</b>	Mr. Charles Chiang Mah (馬江) Mr. Wajdi Maalouf
<b>Independent Non-executive Directors</b>	Mr. He Zhicong (何志聰) Mr. Liu Xuming (劉緒明) Mr. Chong Hon Wang (莊瀚宏)
<b>Joint Company Secretaries</b>	Ms. Chen Yumin (陳宇敏) Mr. Ng Tung Ching Raphael (吳東澄) (FCG, HKFCG)
<b>Authorised Representatives</b>	Ms. Angela Chen Mah (陳嘉琪) Mr. Ng Tung Ching Raphael (吳東澄) (FCG, HKFCG)
<b>Audit Committee</b>	Mr. Chong Hon Wang (莊瀚宏) (Chairperson) Mr. He Zhicong (何志聰) Mr. Charles Chiang Mah (馬江)
<b>Nomination Committee</b>	Mr. Liu Xuming (劉緒明) (Chairperson) Mr. He Zhicong (何志聰) Ms. Angela Chen Mah (陳嘉琪)
<b>Remuneration Committee</b>	Mr. He Zhicong (何志聰) (Chairperson) Mr. Liu Xuming (劉緒明) Ms. Angela Chen Mah (陳嘉琪)
<b>Strategy Committee</b>	Mr. Brian B Y Chen (陳博彥) (Chairperson) Mr. Liu Xuming (劉緒明) Mr. Wajdi Maalouf

**Compliance Adviser**

**SPDB International Capital Limited**

33/F, SPD Bank Tower, One Hennessy,  
1 Hennessy Road  
Hong Kong

**H Share Registrar**

**Computershare Hong Kong Investor Services Limited**

Shops 1712–1716, 17th Floor, Hopewell Centre  
183 Queen's Road East, Wan Chai  
Hong Kong

**Independent Auditor**

**BDO Limited**

*Certified Public Accountants and Public Interest Entity Auditor*  
25th Floor, Wing On Center,  
111 Connaught Road Central,  
Hong Kong

**Legal Advisers**

**As to Hong Kong law**

Lu, Lai & Li Solicitors & Notaries  
Rooms 2201, 2201A & 2202, 22nd Floor Tower I,  
Admiralty Center,  
No.18 Harcourt Road,  
Hong Kong

**As to PRC law**

Grandway Law Offices  
23/F, S2 Building, The Bund Finance Center,  
600 Zhongshan No.2 Road(E),  
Huangpu District,  
Shanghai, P.R.C.

**Principal Banks**

**CTBC Bank Co., Ltd**

Shanghai Branch 27F, Shanghai World Financial Center,  
100 Century Avenue, Pudong New Area,  
Shanghai, PRC

**Standard Chartered Bank (China) Limited**

Shanghai Branch 17 Floor, Standard Chartered Tower,  
201 Century Avenue,  
Shanghai, PRC

# Chairman's Statement

## Dear Shareholders,

On behalf of the board of directors (the "**Board**") of USAS Building System (Shanghai) Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**"), I am pleased to present the annual report and audited financial statements of the Group for the year ended December 31, 2025 (the "**FY2025**").

## MARKET AND PERFORMANCE REVIEW

Looking back, the Group not only successfully weathered the dual challenges of industry headwinds and market volatility but also precisely seized development opportunities in high-growth industries, ultimately achieving its strategic targets for revenue and profit as planned. It is through our focus and resilience that we have been able to navigate through cycles and translate strategic blueprints into solid operational results.

During the Reporting Period, the Group continued to deepen its presence in the niche market of "prefabricated metal building system solutions" within the industrial sector, solidifying its leading position by serving top-tier enterprises. At the same time, businesses such as professional general contracting, agricultural storage, and environmental protection equipment have achieved efficient synergy and stable development alongside our core business, with synergistic effects beginning to emerge.

The revenue for the Reporting Period was approximately RMB2,294.1 million, representing an increase of 50.6% from RMB1,523.0 million for the year ended December 31, 2024. The profit for the year ended December 31, 2025 was approximately RMB65.8 million, representing a decrease of 7.0% from RMB70.8 million for the year ended December 31, 2024.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on December 30, 2025. This marks a new starting point for us and formally ushers in a new chapter of development. The recognition from the capital market is not only an affirmation of the Company's past achievements but also an expression of high expectations for our future journey.

## FUTURE OUTLOOK

Looking ahead to the next three to five years, the Group will take "high-quality and sustainable growth" as the central theme of its development strategy. The Group firmly believes that true "growth" is not merely about business expansion, but also about a profound reconstruction of corporate value; it is not just about an increase in scale, but also about the continuous evolution of the business model.

Currently, the national "14th Five-Year Plan" and the "dual carbon" strategy are being implemented in depth, making green buildings, carbon emission reduction, and industrial upgrading the main themes of our times. The Group will proactively integrate into the national development strategy, adhering to the vision of green buildings, driven by the integration of digital and intelligent technologies, and grounded in prudent operations. In the process of continuously consolidating our market position and driving technological innovation, we will achieve operational excellence and build a solid foundation for the Group's long-term growth.

The Group firmly believes that with focus and resilience, we will navigate through cycles; relying on strategy and execution, the Group will create sustainable long-term value for our shareholders and society.

## ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my heartfelt gratitude and respect to our customers, partners, shareholders, and suppliers for their consistent support and trust. I would also like to extend my sincere thanks to my fellow directors for their valuable guidance, as well as to the management team and all employees of the Group for their unremitting efforts, dedication, and commitment in achieving the Group's goals.

*Chairman*

**Mr. Brian B. Y. Chen**

Shanghai, March 26, 2026

# Financial Highlights

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000

## Business performance

Revenue	<b>2,294,079</b>	1,523,033
Cost of sales	<b>(2,063,944)</b>	(1,332,575)
Gross profit	<b>230,135</b>	190,458
Gross profit margin	<b>10.0%</b>	12.5%
Profit for the year	<b>65,812</b>	70,783
Net profit margin	<b>2.9%</b>	4.6%
	<b>RMB cents</b>	RMB cents
Earnings per share attributable to the owners of the Company	<b>68</b>	78

	As at December 31,	
	2025	2024
	RMB'000	RMB'000

## Assets, Liabilities and Equity

Total assets	<b>1,927,797</b>	1,401,806
Total liabilities	<b>1,265,873</b>	930,114
Total equity	<b>661,924</b>	471,692

- The revenue for the year ended December 31, 2025 was approximately RMB2,294.1 million, representing an increase of 50.6% from RMB1,523.0 million for the year ended December 31, 2024.
- The Group's gross profit margin was approximately 10.0% for the year ended December 31, 2025, representing a decrease of 2.5% from 12.5% for the year ended December 31, 2024.
- The profit before income tax for the year ended December 31, 2025 was approximately RMB78.2 million, representing a decrease of 0.6% from RMB78.7 million for the year ended December 31, 2024.
- The profit for the year ended December 31, 2025 was approximately RMB65.8 million, representing a decrease of 7.0% from RMB70.8 million for the year ended December 31, 2024.
- The Board recommended a final dividend of RMB37 cents (2024: RMB Nil) per Shares. The dividend is subject to the approval of the Company's shareholders (the "**Shareholders**") at the annual general meeting to be held on May 15, 2026 (the "**AGM**").

# Directors, Supervisors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Brian B.Y. Chen (陳博彥)**, aged 63, was appointed as a director of the Company on April 17, 1999. He is the founder, chairman of the Board, executive Director and the chairman of the Strategy Committee of our Company, takes charge of the overall affairs of the Board, participates in the formulation and implementation of the business and operation strategies of our Company and makes significant business and operational decisions of our Company through the Board. Mr. Chen is also a director of certain subsidiaries of our Company, including USAS Suzhou, Behlen Agricultural, Guangdong Yuntong and MBS (Thai). Mr. Chen has been engaged in the integrated PS building subcontracting service industry since 1994. Mr. Chen invested in the establishment of C&M Global in 1994 and has extensive experience in the integrated PS building subcontracting service industry by actively introducing and promoting the construction model of products, technology and integrated subcontracting services relating to PS building in the PRC market and successfully undertaking a number of large-scale integrated PS building subcontracting projects. In 1999, C&M Global invested in the establishment of our Company, and Mr. Chen has served as the chairman of the Board since then. He currently serves as a director of Broad Vision. Mr. Chen is (i) the elder brother of Ms. Angela Chen Mah, who is another founder and an executive Director of our Company; and (ii) the brother-in-law of Mr. Charles Chiang Mah, who is a non-executive Director of our Company. For the interests of Mr. Chen in the shares of the Company or underlying shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO as at December 31, 2025, please refer to the section headed “Directors’ interest and short position in shares, underlying shares and debentures” on page 31 of this annual report for details.

Mr. Chen obtained his Master of Architecture from the University of Oklahoma in the USA in December 1992 and his EMBA from Peking University’s Guanghua School of Management in January 2006.

**Ms. Angela Chen Mah (陳嘉琪)**, aged 58, was appointed as a director of the Company on April 17, 1999. She is the founder and executive Director of our Company, responsible for the overall operation of the president’s office of our Company. Ms. Chen is also a member of the Remuneration Committee and Nomination Committee of our Company, and a director of certain subsidiaries of our Company, including USAS Suzhou. Ms. Chen has been engaged in the integrated PS building subcontracting service industry since 1994. Ms. Chen served as an executive director of C&M Global from 1994 to 1999. She was mainly responsible for the coordination and implementation of the supply contracts between the exporters of products of integrated PS building subcontracting services in the United States and the customers in the PRC, including the coordination of the exporters’ implementation of the design and production schedules of the projects, the international shipping schedules, etc., as well as the coordination of the payment of the customers in the PRC. In 1999, C&M Global invested in the establishment of our Company, and Ms. Chen has served as the Director since then. Currently, she is also a director of Broad Vision. Ms. Chen is (i) the younger sister of Mr. Brian B.Y. Chen, who is the founder, chairman of the Board and executive Director of our Company; and (ii) the wife of Mr. Charles Chiang Mah, who is a non-executive Director of our Company. For the interests of Ms. Chen in the shares of the Company or underlying shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO as at December 31, 2025, please refer to the section headed “Directors’ interest and short position in shares, underlying shares and debentures” on page 31 of this annual report for details.

Ms. Chen obtained her diploma in Business Computer Applications from Wake Technical College in North Carolina, the USA in August 1993.

## Directors, Supervisors and Senior Management

### NON-EXECUTIVE DIRECTORS

**Mr. Charles Chiang Mah (馬江)**, aged 63, is a non-executive Director of our Company, responsible for participating in major decision-making of our Company and offering professional advice and judgment to the Board. Since April 1999, Mr. Mah has been a director of our Company. Mr. Mah is also a member of the Audit Committee of our Company, and a director of Behlen Agricultural and Guangdong Yuntong. Prior to joining our Company, Mr. Mah gained extensive experience in the technology sector. He worked at Nortel Networks (北電網絡) from 1988 to 2000. He then served as account and sales director at Cisco Systems (China) Networking Technology Co., Ltd. (思科系統(中國)網絡技術有限公司) in 2000. Since then, Mr. Mah held senior management positions in various companies, including Open Wave Systems Ltd. (美國奧維系統公司), Nokia Siemens Networks (諾基亞(西門子)通訊技術有限公司) as the general manager, and UTStarcom (UT斯達康通訊有限公司) as the vice president. In 2018, Mr. Mah also served as the general manager of ChannelAdvisor Corp. (暢路銷股份有限公司) in China region. Mr. Mah is (i) the brother-in-law of Brian B.Y. Chen, who is the founder, chairman of the Board and executive Director of our Company; and (ii) the husband of Ms. Angela Chen Mah, who is the founder and an executive Director of our Company. For the interests of Mr. Mah in the shares of the Company or underlying shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO as at December 31, 2025, please refer to the section headed "Directors' interest and short position in shares, underlying shares and debentures" on page 31 of this annual report for details.

Mr. Mah obtained his bachelor's degree in electrical engineering from the North Carolina State University in the USA in December 1987.

**Mr. Wajdi Maalouf**, aged 54, is a non-executive Director of our Company, responsible for participating in major decision-making of our Company and offering professional advice and judgment to the Board. Mr. Maalouf is also a member of the Strategy Committee of our Company and a director of USAS Suzhou. Since January 2008, Mr. Maalouf has been a director of our Company.

Mr. Maalouf has been an investment manager at Consolidated Contractors Company since June 1994, mainly responsible for reviewing and evaluating investment projects.

Mr. Maalouf obtained a degree in electronic engineering from the American University of Beirut in October 1993 and a Master of Business Administration from INSEAD in France in December 2001.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Liu Xuming (劉緒明)**, aged 62, is an independent non-executive Director of our Company, responsible for supervising and offering independent advice and judgment to the Board, and is also the chairman of the Nomination Committee, a member of the Remuneration Committee and a member of the Strategy Committee of our Company. Since September 2021, Mr. Liu has been an independent non-executive Director of our Company.

Mr. Liu worked at Shanghai No. 1 Petroleum Machinery Factory (上海第一石油機械廠) from August 1985 to September 1993 as a technician and deputy section chief; from September 1993 to February 1998 at Shanghai Hanwei Special Mechanical and Electrical Company Limited (上海漢威特種機電有限公司) as a technical manager and a quality manager; from February 1998 to January 2021 at Shanghai COSCO Kawasaki Heavy Industries Steel Structure Company Limited (上海中遠川崎重工鋼結構有限公司) as a manager, deputy general manager, general manager and director.

Mr. Liu obtained a bachelor's degree in engineering from Gansu University of Technology (甘肅工業大學) in July 1985. Mr. Liu also obtained the qualification of professorial senior engineer evaluated and confirmed by the Shanghai Engineering Series Construction and Transportation Evaluation Committee (上海市工程系列建設交通類評審委員會) in December 2014.

**Mr. He Zhicong (何志聰)**, aged 46, is an independent non-executive Director of our Company, responsible for supervising and offering independent advice and judgment to the Board, and is also the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee of our Company. Since September 2021, Mr. He has been an independent non-executive Director of our Company.

Mr. He served as a partner of Shanghai Hongren Investment Management Co., Ltd. (上海弘仁投資管理有限公司) since December 2017; an independent director of Shenzhen INVT Electric Co., Ltd. (深圳市英威騰電氣股份有限公司) (002334.SZ) from July 2018 to August 2024; an independent director of Uroica Precision Information Engineering Co., Ltd. (尤洛卡精準信息工程股份有限公司) (300099.SZ) since July 2020; and an independent director of Nanjing Quanxin Cable Technology Co., Ltd. (南京全信傳輸科技股份有限公司) (300447.SZ) since May 2022.

Mr. He obtained a bachelor's degree in civil engineering from Shijiazhuang Tiedao University (石家莊鐵道學院) in July 2002 and a master's degree in management from Zhejiang University in March 2005.

**Mr. Chong Hon Wang (莊瀚宏)**, aged 51, is an independent non-executive Director of our Company, responsible for supervising and providing independent advice and judgment to the Board. Mr. Chong has been appointed as an independent non-executive Director of our Company on January 10, 2025. He is also the chairman of the Audit Committee of our Company.

From 1996 to 2001, Mr. Chong worked at C.W. Leung & Co., Horwath Hong Kong CPA Limited and PricewaterhouseCoopers Limited respectively. He has been serving as a director at GCCPA Limited since 2002, and an independent non-executive director, chairman of the audit committee, chairman of the remuneration committee and chairman of the nomination committee of Art Group Holdings Limited (0565.HK) since 2024.

Mr. Chong obtained a bachelor's degree in accountancy from The Hong Kong Polytechnic University in November 1996, a master's degree in financial management from the University of London as an external student in December 1998 and a bachelor's degree in Chinese laws from Tsinghua University, the PRC, in January 2005.

Mr. Chong was qualified as a Certified Public Accountant by the Accounting and Financial Reporting Council in 2002, a Chartered Tax Advisor by The Taxation Institute of Hong Kong in 2010 and a Certified ESG Planner by the International Institute for Sustainable Development in 2023. Mr. Chong is a member of Hong Kong Institute of Certified Public Accountants.

## Directors, Supervisors and Senior Management

### SUPERVISORS

**Mr. Zhang Chunhua (張春華)**, aged 50, is the chairman of the Supervisory Committee of our Company, responsible for directing the work of the Supervisory Committee and coordinating Supervisors to jointly supervise the operating and financial activities of our Company. Mr. Zhang has been a Supervisor of our Company since June 2022 and the chairman of the Supervisory Committee of our Company since September 2024.

Mr. Zhang served as a clerk of Shanghai Minhang Asset Investment Management Co., Ltd. (上海市閔行資產投資經營有限公司) from July 1997 to October 2001; a project manager of Shanghai Far East Credit Rating Co., Ltd. (上海遠東資信評估公司) from November 2001 to February 2003; a department manager of Shanghai Pulan Investment Co., Ltd. (上海普蘭投資有限公司) from February 2003 to September 2004; a financial manager of Shanghai Industrial Investment Group Company (上海工業投資集團公司) from September 2004 to May 2017; chief financial officer of Shanghai Lianming Investment Group Co., Ltd (上海聯明投資集團公司) from May 2017 to May 2018; and he also possessed the experience of serving as director of the finance department in Shanghai Tianchen Co., Ltd. (上海市天宸股份公司). Mr. Zhang Chunhua is the executive partner of Shanghai Yiguan (上海倚觀), a shareholder of our Company.

Mr. Zhang obtained his bachelor's degree in engineering from Shanghai Jiao Tong University in July 1997. Mr. Zhang also obtained the qualification of certified public accountant from Shanghai institute of certified public accountants in December 2009.

**Ms. Bian Minfang (卞敏芳)**, aged 51, is a Supervisor of our Company, responsible for jointly supervising the operating and financial activities of our Company. Ms. Bian has been a Supervisor of our Company since September 27, 2024.

Ms. Bian worked in Shanghai Industrial Sewing Machine Co., Ltd. (上海工業縫紉機股份有限公司) as an employee from July 1992 to July 1995; in Shanghai Daban Food Co., Ltd. (上海大班食品有限公司) (a Sino-Hong Kong joint venture) as an employee from July 1995 to July 1998; in Shanghai Jiayue Trading Co., Ltd. (上海嘉粵商貿有限公司) as an executive director since May 1998; in Shanghai Yingzun Commercial Management Group Co., Ltd. (上海盈尊商業管理集團有限公司) as general manager since September 1998.

Ms. Bian obtained her junior college degree from Shanghai University (上海大學) in July 1997.

**Mr. Xu Wei (徐煒)**, aged 49, is an employee representative Supervisor of our Company, responsible for jointly supervising the operating and financial activities of our Company. Mr. Xu worked in our Company as a detail engineer, project manager, manager of project department and director of commercial department since April 2002. Since July 2021, Mr. Xu has been the vice president of the commercial department. In September 2021, he was appointed as the employee representative Supervisor of our Company.

Mr. Xu worked in steel structure branch of Shanghai Baosteel Metallurgical Construction Corp. (上海寶鋼冶金建設公司) as a technician from August 1999 to July 2001; in Shanghai Zhenhua Port Machinery Co., Ltd. (上海振華港口機械股份有限公司) as a process engineer from July 2001 to April 2002.

Mr. Xu obtained a bachelor's degree in welding technology and equipment from Hefei University of Technology (合肥工業大學) in July 1999. Mr. Xu was also accredited as a senior engineer by Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in December 2014 and a first-class constructor by Shanghai Municipal Human Resources and Social Security Bureau in December 2011.

### SENIOR MANAGEMENT

**Mr. Zhu Lezhong (朱樂仲)**, aged 55, is the general manager of our Company who is under the immediate authority of the Board of Directors for the conduct of the business of our Company. Mr. Zhu served as an executive vice president of our Company from September 2011 to February 2015; and the general manager of our Company since February 2015.

Mr. Zhu worked at Butler (Tianjin) Inc. from April 1998 to March 2011.

Mr. Zhu graduated from Tianjin Institute of Urban Construction in July 1993 and obtained a master's degree in business administration from Tianjin University in September 2004. Mr. Zhu was accredited as an engineer by Tianjin Personnel Bureau (天津市人事局) in November 2000.

**Ms. Chen Yumin (陳宇敏)**, aged 55, is the finance director, board secretary and joint company secretary of our Company. Ms. Chen is also a director of certain subsidiaries of our Group, including Behlen Agricultural and MEGA Construction. Ms. Chen served as assistant to the chairman of our Company from September 2016 to September 2017; and the finance director and board secretary of our Company since June 2017.

Prior to joining our Group, Ms. Chen served as a dispatched employee in foreign enterprises in China from August 1996 to September 2011, during which she was the financial controller of Pöyry China from 2006 to 2011.

Ms. Chen obtained a junior college degree in financial accounting from University of Shanghai for Science and Technology (上海理工大學) in 1992 and a bachelor's degree in economics from East China Normal University (華東師範大學) in Shanghai in July 1997. Ms. Chen was accredited as an intermediate accountant by the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) in May 1998, a Chartered Certified Accountant by the Association of Chartered Certified Accountants in November 2004 and a Certified Practicing Accountant in Australia by CPA Australia in July 2009.

**Ms. Zhao Yuqing (趙玉卿)**, aged 44, is the vice president of our Company in charge of the Technical Center, responsible for the management of the technical team and technical resources of our Company. Ms. Zhao served as the manager of the structure department of our Company from May 2008 to May 2020; and the chief technical engineer of our Company from May 2020 to August 2020. Ms. Zhao has been serving as the technical director of our Company since August 2020 and vice president of our Company since August 2022.

Ms. Zhao served as a structural engineer of Fujian Guzuyan Structure Design Office (福建顧祖炎結構事務所) from August 2006 to April 2008.

Ms. Zhao obtained a junior college degree in housing construction engineering from Fuzhou University (福州大學) in December 2003 and a bachelor's degree in engineering from Tongji University (同濟大學) in Shanghai in October 2011. Ms. Zhao was accredited as a senior engineer by Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in December 2021 and a first-class constructor by Fujian Human Resources Development Office (福建省人力資源開發辦公室) in January 2010.

## Directors, Supervisors and Senior Management

**Mr. Gao Dakui (高大奎)**, aged 61, is the vice president of our Company in charge of the Supply Chain Management Center, responsible for supervising and coordinating our Company's supply chain activities, including controlling costs, managing relationships with suppliers, and managing our Company's resources required for various projects. Mr. Gao joined our Company in July 2000 and successively served as the manager of the procurement department and the director of the procurement center. Since June 2019, he has been in charge of the Supply Chain Management Center.

From 1993 to 2000, Mr. Gao worked in Anhui Lu'an Machine Tool Factory (安徽六安機床廠).

Mr. Gao obtained a bachelor's degree in engineering from Hefei University of Technology in August 1988. Mr. Gao obtained the qualification of Shanghai Engineering Planning and Design Professional (上海市工程系列規劃設計專業高級專業技術職務) in December 2014.

**Mr. Sheng Yi (盛翼)**, aged 55, is the vice president of our Company in charge of the Sales Department, responsible for leading the sales team, establishing client relationships and ensuring the fulfillment of sales targets. Mr. Sheng joined our Company in May 2002 and successively served as the manager of the Technical Support Department and the sales director of East China region. Since June 2019, he has been in charge of the Sales Department, primarily responsible for south region operations.

Prior to joining our Company, Mr. Sheng served as an engineer of Tianjin Urban Planning and Design Research Institute (天津市城市規劃設計研究院).

Mr. Sheng obtained a master's degree in engineering from Hefei University of Technology in July 1996. Mr. Sheng obtained the qualification of Engineer from Tianjin Personnel Bureau (天津市人事局) in October 1998.

**Mr. Han Changchao (韓長超)**, aged 39, is the sales director our Company and general manager of our Thailand operations. He is responsible for managing the day-to-day affairs of the subsidiaries in Thailand; and leading the sales team as the sales director of our Company, establishing client relationships and ensuring the fulfillment of sales targets. Mr. Han joined our Company in April 2010 and successively served as a budget engineer, technical support engineer, sales engineer and sales manager. He has been serving as the sales director of our Company since July 2020, primarily responsible for East China operations, and he has been serving as the general manager of MBS (Thai) since May 2024.

Mr. Han obtained a junior college degree from Anhui Water Conservancy Technical College (安徽水電學院) in July 2009; and graduated from Tongji University with major in civil engineering.

**Mr. Hong Shanzao (洪善早)**, aged 46, is the vice president of our Company in charge of the Project Center, responsible for supervising and coordinating our Company's project management activities to ensure the delivery of projects on time, within budget and meeting quality standards. Mr. Hong joined our Company in April 2010 and successively served as a project manager, manager of the installer management department and project director. Since June 2019, he has been in charge of the Project Center.

From July 2002 to April 2010, Mr. Hong worked at Far East Engineering Consultants (Kunshan) Co., Ltd. (遠東工程顧問(昆山)有限公司).

Mr. Hong obtained a junior college degree in industrial and civil construction from Jiangsu Radio and TV University in June 2002, the qualification of nationally certified Grade 1 Constructor from Ministry of Housing and Urban-Rural Development of the PRC in 2012, graduated from China Central Radio and TV University in July 2014 with major in civil engineering; and obtained the qualification of Senior Engineer from the Department of Human Resources and Social Security of Jiangsu Province in 2017.

# Management Discussion and Analysis

## BUSINESS REVIEW

We are an integrated prefabricated steel structure building (“**PS building**”) subcontracting service provider in the industrial sector of PS building market. We offer integrated services for construction projects across industries, covering project design and optimization, procurement, manufacturing and installation. We are primarily engaged in the construction of PS buildings in the PRC, and to a lesser extent, overseas. By leveraging our technology and expertise, we have built a reputation in China’s industrial sector of the PS building market.

We are committed to driving continuous innovation within the industrial sector of the PS building market. From research and development, design, production, and engineering application to comprehensive project management, we deliver safe and efficient integrated PS building services. This holistic approach has enabled us to develop distinctive competencies in the industry.

Our business is organized into three business categories, defined by revenue recognition models and operational characteristics: (i) PS building subcontracting services, (ii) general contracting services, and (iii) industrial environmental equipment. These interconnected business categories create synergies that fuel the sustained growth of our Group.

Building on our core expertise in industrial construction, we have cultivated a strong market position and a competitive strategy. Our focus has been on partnering with leading enterprises in dynamic and rapidly evolving industries, enabling us to develop a high-quality and long-term customer base. During the Reporting Period, majority of our revenue was derived from within China; while our overseas revenue generally demonstrate an increasing trend.

We have already obtained key industry certifications in multiple countries, with a strategic focus on Southeast Asia. This positions us to deliver tailored products and services that meet the specific needs of our target clients, establishing a foundation for further international market expansion and drove the sustainable growth of the Group.

The revenue for the Reporting Period was approximately RMB2,294.1 million, representing an increase of 50.6% from RMB1,523.0 million for the year ended December 31, 2024; The profit before income tax for the Reporting Period was approximately RMB78.2 million, representing a decrease of 0.6% from RMB78.7 million for the year ended December 31, 2024.

## Industry prospects

From the overall prefabricated construction market size perspective, China’s prefabricated building market grew from RMB448.5 billion in 2020 to RMB589.3 billion in 2024, with a CAGR of 7.1%. In future, with the rollout of national policies and regional government plans targeting prefabricated building adoption, the market is expected to further expand from RMB509.9 billion in 2025 to RMB707.0 billion in 2029, at a CAGR of 4.6%. Despite the stable historical growth rate of China’s construction industry, the proportion of prefabricated buildings in new projects has consistently risen, driven by government policies, technological advancements, and industry demand for more efficient and sustainable products and services. The growing adoption of prefabricated buildings is largely attributed to their advantages, including reduced construction time, lower labor costs, enhanced material efficiency, and superior structural quality due to factory-controlled production. Additionally, prefabrication aligns with China’s sustainability goals by minimizing construction waste and improving energy efficiency. In comparison to developed markets such as the U.S. and Europe, where prefabricated buildings have already achieved high penetration rates, China remains in an early stage of adoption, presenting significant growth potential.

## Management Discussion and Analysis

While the overall market is developing steadily, prefabricated steel structure buildings (PS buildings) are increasingly used in factories, warehouses, high-rise office buildings, and public facilities due to their high strength, lightweight structure, efficiency in construction, and ability to provide large, open spaces. As new energy and advanced manufacturing industries rapidly develop, the demand for industrial buildings in China is expected to grow.

Furthermore, green building, as a core element of the Environmental, Social, and Governance (ESG) framework, has emerged as a critical driver of sustainable development since the global energy crisis of the 1970s. It aims to reduce energy consumption and environmental impact through innovative design and technology, prioritizing efficient resource utilization and the health and comfort of occupants. As of the end of 2023, China's cumulative green building floor area in urban areas had reached approximately 11.85 billion square meters, with over 27,000 projects receiving green building certification. Prefabricated steel structure construction, as a vital pathway to achieving green building goals, offers significant advantages in energy conservation, emission reduction, shortened construction periods, reduced labor demand, and improved construction efficiency. These attributes deeply align with China's strategies for new quality productive forces and green, sustainable development.

Against the backdrop of China's strategic development goals for new quality productive forces and green, sustainable development, the prefabricated steel structure construction market, as a representative of green and low-carbon buildings, offers significant advantages. These include energy conservation, emission reduction, shortened construction periods, reduced labor demand, and improved construction efficiency. From a segment perspective, this market has experienced rapid growth, expanding from RMB335.2 billion in 2020 to RMB441.3 billion in 2024, representing a compound annual growth rate (CAGR) of 7.1%. The industrial building sector held the largest market share and demonstrated the fastest growth, reaching a market size of RMB223.9 billion in 2024, accounting for 50.7% of the total. Its CAGR from 2020 to 2024 was 13.0%, outperforming all other sectors. Looking ahead, while demand from the residential, public, and commercial building sectors is expected to moderate due to market saturation, the rapid development of the new energy and advanced manufacturing industries will continue to drive demand for industrial buildings. This will create new growth opportunities for the prefabricated steel structure construction market. The overall market is projected to expand from RMB448.8 billion in 2025 to RMB551.5 billion in 2029, with a CAGR of 5.3%. Notably, the industrial building segment is forecast to achieve a CAGR of 9.4% during this period, significantly outpacing the broader market.

Currently, industrial enterprises in China and around the world are in a critical phase of transition towards "Industry 4.0." The Group's target clients are generally undertaking strategic adjustments involving capacity expansion, facility relocation, and technological upgrades. Concurrently, China's "Belt and Road" Initiative, the ongoing trend of internationalizing domestic production capacity, and the re-industrialization strategies of developed regions present significant strategic opportunities for us to expand into overseas markets.

### OUTLOOK

The Group adheres to a "dual-wheel drive" strategy to ensure steady growth in its core business, thereby achieving the core strategic goal of "high-quality sustainable growth". The Group will expand and upgrade its existing prefabricated steel structure building component facilities to increase core high-quality production capacity, ensuring that it can meet growing demand while maintaining a competitive edge, thereby consolidating its market position. In addition, to capture the growth potential arising from the increasing demand for efficient and scalable construction services in Southeast Asian countries, the Group plans to establish overseas production facilities for the manufacture of prefabricated steel structure building components to support local projects. The Group will respond swiftly to local market demand and optimize resource allocation, thereby expanding its brand influence and service capabilities in the surrounding regional markets.

In 2026, the Group will focus on strengthening the synergy between the development of new businesses and its core operations, precisely aligning with market trends and demands, and flexibly adjusting business strategies to create new growth drivers for the Group's future performance. The Group will also dedicate itself to comprehensively advancing digital operations, upgrading its existing Enterprise Resource Planning (ERP) and Office Automation (OA) systems, and establishing a fully integrated Industrial Internet of Things platform. This will optimize resource allocation, enhance operational efficiency, and lay a solid foundation for technological innovation and sustainable growth.

### FINANCIAL REVIEW

#### Revenue

Since its inception, PS building subcontracting services have been the cornerstone of our business and continue to be the largest contributor to our revenue. Our focus remains on delivering comprehensive PS building subcontracting services, which encompass project design and optimization, procurement, production, on-site installation, and quality assurance. Over the years, we have continuously honed our expertise and expanded the range of services we offer within this domain. During the Reporting Period, revenue from PS building subcontracting services was approximately RMB1,901.5 million, representing a year-on-year increase of 53.3%. Such increase was primarily due to the capacity expansion needs of our major customer in the automotive and auto parts sector during late 2024 and 2025. Leveraging our long-standing cooperative relationships with such major customer, we successfully secured a number of large-scale PS building subcontracting projects with them.

In addition to our core PS building subcontracting services, we have expanded into general contracting services, having obtained the Grade I General Contracting Qualification for Construction Projects (建築工程施工總承包一級資質). This qualification enables us to serve as both a general contractor and a specialized subcontractor, allowing us to offer comprehensive subcontracting services across all stages of a project. We provide general contracting services for both PS building subcontracting projects and PC building projects. During the Reporting Period, revenue from general contracting services was approximately RMB299.2 million, representing a year-on-year increase of 63.9%. Such increase was primarily due to the general contracting projects we secured in 2024 and the revenue generated from these projects in 2025. Given the original scale of our general contracting business was relatively small and the revenue base was low, with the continued growth of this business category, the growth rate has been comparatively high.

Our industrial environmental equipment business category was established to address the rising demand for specialized products in industrial manufacturing environments. This business category primarily focuses on the Machinery Filtering and Acoustic Systems ("MFAS") line, which currently generates the vast majority of our revenue. During the Reporting Period, revenue from industrial environmental equipment business category was approximately RMB93.4 million, representing a year-on-year decrease of 6.6%. The decrease primarily due to a 23.6% year-on-year decline in new orders during the first half of 2025. Although order volumes increased in the second half of the year, the total for 2025 remained lower than that of 2024.

## Management Discussion and Analysis

### Cost of Sales

During the Reporting Period, our cost of sales comprised material costs (including costs paid to outsourcing suppliers primarily for main structural components), subcontracting costs (mainly labor subcontracting), labor costs, manufacturing overheads and other costs.

Among these, material costs (primarily consisting of raw materials and outsourcing product costs) have consistently been the largest component of our cost structure, accounting for approximately 65.7% of our total cost of sales for the year ended December 31, 2025 (2024: 71.1%). The decrease primarily due to the increasing share of General contracting services business in overall revenue. The proportion of material costs in the cost structure of General contracting services business is significantly lower than that of the PS building subcontracting services.

The principal raw material used in our construction projects is steel plate. The price of steel plate fluctuates due to factors such as global supply and demand dynamics, market competition and regulatory changes, many of which are beyond our control.

### Gross Profit and Gross Profit Margin

The Group's gross profit margin decreased from 12.5% in the previous period to 10.0% in the Reporting Period. This decrease was primarily attributable to PS building subcontracting services gross profit margin decreased slightly to 10.5% primarily because we undertook certain large-scale projects with our major customer with relatively low gross profit margins to gain market share. The proportion of revenue from general contracting services, which have a lower gross profit margin, 4.9%, increased from 12% in 2024 to 13%.

### Other Income

The Group's other income comprises rental income, interest income, scrap sales, government grants and others. The Group's other income decreased by approximately 20.7% from approximately RMB10.6 million for the year ended December 31, 2024 to approximately RMB8.4 million for the Reporting Period, primarily due to the original tenant's lease expired without renewal, and the subsequent failure to secure a suitable replacement tenant in a timely manner resulted in a decrease in rental income for 2025.

### Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 3.7% from approximately RMB24.9 million for the year ended December 31, 2024 to approximately RMB25.8 million for the Reporting Period, the increase has seen modest growth and remained relatively stable.

### Administrative Expenses

The Group's administrative expenses increased by approximately 3.3% from approximately RMB66.9 million for the year ended December 31, 2024 to approximately RMB69.1 million for the Reporting Period, the increase was relatively small, remaining basically stable.

### Research and Development Expenses

The Group's research and development expenses increased by approximately 22.8% from approximately RMB20.5 million for the year ended December 31, 2024 to approximately RMB25.1 million for the Reporting Period, primarily due to some R&D projects, such as Development of Polycarbonate Sheet Roofing Systems and a new V-Plate Dust Collector increased expenditure on R&D materials and equipment.

### Finance Costs

The Group's finance costs increased by approximately 22.9% from approximately RMB8.8 million for the year ended December 31, 2024 to approximately RMB10.8 million for the Reporting Period, primarily due to the Group revenue increased by 50.6%, driving a rise in working capital requirements. This led to an increase in total loan balances compared to the previous year, resulting in higher interest expenses.

### Income Tax Expense

The Group's income tax expense increased by approximately 56.4% from approximately RMB7.9 million for the year ended December 31, 2024 to approximately RMB12.4 million for the Reporting Period, primarily due to the reversal of certain deferred tax assets recognized in prior years and the non-recognition of deferred tax assets arising from deductible temporary differences incurred during the year.

### Final Dividend

The Board proposed the 2025 final dividend for the year ended December 31, 2025, before tax, amounted to RMB37 cent per share, which is subject to the approval of the Shareholders at the AGM. Subject to the approval of the Shareholders at the AGM, the 2025 final dividend is expected to be paid to the eligible Shareholders by the end of July 2026. The Company will separately announce the exact expected dividend payment date in due course in accordance with the provisions of the Listing Rules.

As of December 31, 2025, no arrangement was reached pursuant to which the Shareholders waived or agreed to waive their dividends.

## Management Discussion and Analysis

### Dividend Tax

According to the Law on Enterprise Income Tax of the People's Republic of China (《中華人民共和國企業所得稅法》) which came into effect on January 1, 2008 and amended on February 24, 2017 and December 29, 2018, respectively, and its implementing rules, the Notice on the Issues Concerning Withholding and Paying Enterprise Income Tax on the Dividends Paid by PRC Resident Enterprises to H Shareholders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008] 897號)), which was promulgated by the State Administration of Taxation and came into effect on November 6, 2008, etc., where a PRC domestic enterprise distributes dividends for 2008 and subsequent years for financial periods beginning from January 1, 2008 to non-resident enterprise shareholders, it is required to withhold and pay 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the annual dividend as enterprise income tax, distribute the annual dividend to non-resident enterprise Shareholders whose names appear on the register of members of H shares, i.e. any Shareholders who hold H shares in the name of non-individual Shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H shares registered in the name of other organisations and groups. After receiving dividends, the non-resident enterprises Shareholders may apply to the competent tax authorities for enjoying treatment of tax treaties (arrangement) in person or by proxy or by the Company, and provide information to prove that it is an actual beneficiary under the requirements of such tax treaties (arrangement). After having verified that there is no error, the competent tax authorities shall refund tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the requirements of the relevant tax treaties (arrangement).

Pursuant to the Notice on the Issues Regarding Levy of Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 Document (Guo Shui Han [2011] No. 348)(《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), the Company shall withhold and pay individual income tax for individual holders of H shares. If the individual holders of H shares are Hong Kong or Macau residents or residents of other countries or regions that have a tax rate of 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders.

If the individual holders of H shares are residents of countries or regions that have a tax rate lower than 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders. If such Shareholders wish to claim refund of the amount in excess of the individual income tax payable under the relevant tax treaties, the Company may apply, on behalf of such Shareholders and according to the relevant tax treaties, for the relevant agreed preferential tax treatment, provided that the relevant Shareholders submit the relevant documents and information in a timely manner required by the Administrative Measures on Enjoying Treatment under Tax Treaties by Nonresident Taxpayers (State Administration of Taxation Announcement 2015, No. 60) (《非居民納稅人享受稅收協議待遇管理辦法》(國家稅務總局公告2015年第60號)) and the provisions of the relevant tax treaties. The Company will assist with the tax refund subject to the approval of the competent tax authorities.

If the individual holders of H shares are residents of countries or regions that have a tax rate higher than 10% but lower than 20% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the applicable tax rates stated in such tax treaties on behalf of such Shareholders.

If the individual holders of H shares are residents of countries or regions that have a tax rate of 20% under the tax treaties with the PRC, or that have not entered into any tax treaties with the PRC, or otherwise, the Company will withhold and pay individual income tax at the rate of 20% on behalf of such Shareholders. Shareholders are recommended to consult their tax advisors regarding the ownership and disposal of H shares in the PRC and in Hong Kong and other tax effects.

### Profit for the Year

As a result of the foregoing, the Group's profit for the year decreased by approximately 7.0% from approximately RMB70.8 million for the year ended December 31, 2024 to approximately RMB65.8 million for the Reporting Period.

### Liquidity and Capital Resources

The Group's liquidity and capital resources are critical to supporting our operations, growth and financial stability. We primarily rely on cash generated from operating activities, supplemented by bank borrowings. These resources enable us to meet working capital requirements, invest in new projects and sustain business growth. As at December 31, 2025, the Group's cash and cash equivalents amounted to approximately RMB419.5 million, the Group's bank borrowings amounted to approximately RMB410.7 million.

### Properties, Plant and Equipment

Properties, plant and equipment constitute a significant component of our non-current assets, comprising essential assets such as buildings, machinery, office equipment, motor vehicles and leasehold improvements. These assets are crucial to the production, delivery and servicing of our prefabricated steel structure construction and related infrastructure projects. As at December 31, 2025, the Group's properties, plant and equipment amounted to approximately RMB58.9 million, compared to RMB64.6 million as at December 31, 2024. The decrease was primarily attributable to depreciation charged in accordance with the Company's accounting policies.

### Contract Assets and Contract Liabilities

Contract assets represent the Group's right to consideration from customers for services and products that have been transferred to customers but for which no invoice has been issued. Contract liabilities primarily arise when the Group receives advances from customers and will be recognized as revenue when we fulfill the relevant performance obligations in the future.

The Group's contract assets increased by approximately 110.1% from approximately RMB352.5 million for the year ended December 31, 2024 to approximately RMB740.6 million for the Reporting Period, primarily due to the expansion of general contracting business has driven an 182.9% year-over-year increase in contract assets, resulting in significant growth for the year.

The Group's contract liabilities increased by approximately 3.6% from approximately RMB44.0 million for the year ended December 31, 2024 to approximately RMB45.6 million for the Reporting Period, remained relatively stable.

### Inventories

The Group's inventories decreased by approximately 25.8% from approximately RMB96.6 million for the year ended December 31, 2024 to approximately RMB71.7 million for the Reporting Period, primarily due to the inventory of goods shipped but not yet confirmed as received decreased 50.5% in comparison to the previous year.

## Management Discussion and Analysis

### Trade and Bills Receivable

The Group's trade and bills receivable decreased by approximately 37.3%, falling from RMB522.0 million as of December 31, 2024, to RMB327.1 million for the Reporting Period. This significant reduction was primarily driven by improved payment terms in 2025 project contracts and robust collection efforts on overdue amounts. Notably, while accounts receivable aged within one year decreased by RMB237.3 million, this was partially offset by changes in other ageing categories, resulting in a net overall decrease of RMB194.8 million for the year.

### Trade and Bills Payable

The Group's trade and bills payable increased by approximately 38.3% from approximately RMB500.6 million for the year ended December 31, 2024 to approximately RMB692.4 million for the Reporting Period. The increase in trade and bills payable was primarily driven by a 50.6% growth in total business volume. Given that payment terms with suppliers remained substantially unchanged, the rise in accounts payable reflects the natural expansion of business operations.

### Capital Expenditure

The Group's capital expenditure primarily relates to additions to properties, plant and equipment and construction in progress in the course of our operations. For the Reporting Period, the Group incurred capital expenditure of approximately RMB4.9 million (2024: approximately RMB5.3 million). The decrease was modest, staying relatively flat.

### Contingent Liabilities

During the Reporting Period and up to the date of this announcement, we had no material contingent liabilities.

### Exposure to Fluctuations in Exchange Rates

Our financial statements are reported in RMB. Fluctuations in exchange rates between RMB and other currencies in regions where we operate may still pose some risk, particularly if certain transactions are settled in foreign currencies. The Group closely monitors the exchange rate fluctuations and reviews its foreign exchange risk management strategies from time to time.

The Board may consider hedging foreign exchange exposures where appropriate in order to minimize its foreign exchange risk.

### Pledged Deposits

Pledged bank deposits carry fixed interest rate from 0.05% to 1.00% (2024: 0.05% to 2.15%) per annum and represent deposits pledged to banks to secure short-term bank loan and banking facilities granted to the Group and are therefore classified as current assets.

As at December 31, 2025, the Group had pledge deposit of RMB37.5 million (December 31, 2024: RMB24.8 million).

### Pledge of Assets

As at December 31, 2025, among the Group's bank borrowings denominated in RMB, RMB58,927,000 (December 31, 2024: RMB24,640,000) were secured by certain property, plant and equipment, land use rights, and pledged deposits of the Group. These borrowings bear fixed annual interest rates ranging from 2.60% to 2.70% (2024: 3.00% to 3.10%) and are repayable within one year.

### FOREIGN EXCHANGE RISK

The Group's operations are primarily dominated in RMB. In the year ended December 31, 2025, the Group's borrowings were denominated in RMB. The Group will regularly monitors foreign exchange exposure and assesses potential risks. If our exposure to foreign currency risk increases significantly, we will evaluate and implement appropriate hedging strategies to mitigate this risk.

### Gearing Ratio

Gearing ratio equals total bank borrowings divided by total equity at the end of the respective year/period, multiplied by 100%.

As at December 31, 2024, the Group's gearing ratio was 66.4%. By December 31, 2025, the Group's gearing ratio is 62.0%, the Group recorded net cash of RMB8.9 million, this shift from net debt to net cash demonstrates a strengthened balance sheet and enhanced financial flexibility.

### Significant Investments, Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Company did not have any significant investment, acquisition or disposal of subsidiaries, associates and joint ventures during the Reporting Period.

The Board confirmed that the Group's transactions in financial assets during the Reporting Period, on a standalone basis and aggregate basis, did not constitute notifiable transactions under Chapter 14 of the Listing Rules.

### Future Plans for Material Investments or Capital Assets

Save as disclosed in the paragraph headed "Use of proceeds from the Listing" in this announcement, as at December 31, 2025, the Company did not have any future plans for material investments or additions of capital assets.

### Events After the Reporting Period

Save as disclosed in this report, no significant events have occurred from the end of the Reporting Period to the date of this report.

### Employees and Remuneration Policy

As of December 31, 2025, the Group had a total of 686 full-time employees (December 31, 2024: 635). For the year ended December 31, 2025, the staff cost recognised as expenses of the Group amounted to approximately RMB135.0 million (for the year ended December 31, 2024: approximately RMB117.2 million).

The Group believes that the expertise, experience and professional development of its employees contributes to its growth. The Group proactively recruits skilled and qualified personnel with relevant working experience in property management to support the sustainable growth of business.

## Management Discussion and Analysis

The remuneration package of employees of the Group includes salary and bonus, which are generally based on their qualifications, industry experience, position and performance. In addition, the Group provides training programs regularly and across management levels, in compatible with practical needs, covering key areas in its business operations, including but not limited to corporate culture and policies, technical knowledge required for certain positions, leadership skills and general knowledge about the nature of the Group's services.

For further details on the Company's share award schemes for its employees, please refer to note 36 to the Consolidated Financial Statements in this annual report.

As of December 31, 2025, there was no share incentive schemes adopted by the company under Listing Rules 17A.

### Use of Proceeds from the Listing

The Company's shares have been listed on the Main Board of the Stock Exchange on December 30, 2025 (the "**Listing Date**"). An aggregate of 24,600,000 H Shares were issued and offered under the Global Offering at HK\$7.10 per H Share. The net proceeds from the listing (after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the listing) amounted to approximately HK\$139.9 million, which will be used for the purposes as set out in the Company's prospectus dated December 18, 2025 (the "**Prospectus**"). Up to the date of this report, the proposed use of net proceeds is consistent with that previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

	% of the total net proceeds	Net proceeds from the Global Offering (HK\$ in millions)	Actual utilised amount as at December 31, 2025 (HK\$ in millions)	Unutilised amount as at December 31, 2025 (HK\$ in millions)	Expected timeline of full utilization
Capital investments	37.7	52.7	—	52.7	By the end of 2026
Finance upfront costs associated with new projects	26.7	37.4	—	37.4	By the end of 2029
Strengthen sales and marketing development	12.3	17.2	—	17.2	By the end of 2027
Selective acquisitions and investments	9.3	13.0	—	13.0	By the end of 2026
Enhancing research and development capabilities	9.0	12.6	—	12.6	By the end of 2028
Working capital and general corporate purposes	5.0	7.0	—	7.0	By the end of 2029
Total	100.0	139.9	—	139.9	

In the event of any material change in our use of net proceeds from the purposes described above or in our allocation of the net proceeds among the purposes described above, a formal announcement will be made.

To the extent that the net proceeds are not immediately applied to the above purposes, we will only deposit such net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions).

### Purchase, sale or redemption of listed securities

As at December 31, 2025, there were no treasury shares held by the Company. During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale or transfer of any treasury shares).

The Board of Directors (the “**Board**”) is pleased to present the report of the Board and the audited consolidated financial statements of USAS Building System Shanghai Co., Ltd. (the “**Company**”) for the year ended December 31, 2025.

## GENERAL INFORMATION

The Company is a joint stock company established in the People’s Republic of China on April 17, 1999. The Company’s shares have been listed on the Main Board of the Stock Exchange on December 30, 2025. The listing not only represents a significant milestone in the Company’s development history, but also marks the Company’s official entry into the international capital market.

## PRINCIPAL BUSINESS

We are an integrated prefabricated steel structure building (“**PS building**”) subcontracting service provider in the industrial sector of PS building market. We offer integrated services for construction projects across industries, covering project design and optimization, procurement, manufacturing and installation. Our business is organized into three business categories, defined by revenue recognition models and operational characteristics: (i) PS building subcontracting services, (ii) general contracting services, and (iii) industrial environmental equipment. These interconnected business categories create synergies that fuel the sustained growth of our Group.

During the Reporting Period, there was no significant change in the Group’s business operations and the nature of its principal business.

## SHARE CAPITAL

The Company allotted and issued 24,600,000 H Shares for subscription at HK\$7.10 per H Share on December 30, 2025 for the Listing. Details of the share capital of the Company are set out in Note 35 to the Consolidated Financial Statements in this annual report.

## DISTRIBUTABLE RESERVES

As of December 31, 2025, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB503.6 million.

## BUSINESS REVIEW

A review of the Group’s business during the reporting period, including an analysis of the Group’s performance using key financial performance indicators, details of important events affecting the Group during the reporting period, and a statement on the future development of the Company’s business, is set out in the “Management Discussion and Analysis” section of this annual report.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to integrating robust environmental, social and governance principles into all aspects of its operations to drive sustainable growth and create long-term value. The Group’s ESG strategy aligns with international standards, industry benchmarks and regulatory requirements, focusing on environmental sustainability, social responsibility and governance excellence.

For further details of the Group’s environmental, social and governance performance, please refer to the “Environmental, Social and Governance Report” section of this annual report.

### COMPLIANCE WITH LAWS AND REGULATIONS

During the reporting period, the Group complied, in all material respects, with the relevant laws and regulations that have a significant impact on the Group.

### MAJOR RISKS AND UNCERTAINTIES

Set out below are certain major risks and uncertainties faced by the Group, some of which are beyond the Group's control. These risks may have a material impact on the Group's financial condition, operating results and growth prospects.

- We may face challenges of limited market acceptance and slow adoption of the PS buildings in China's industrial sector, which could materially affect our financial condition, operational performance and growth prospects.
- Our financial condition and results are affected by global and local economic and political conditions that are beyond our control.
- A large portion of our revenue during the Track Record Period was derived from projects awarded by our major customers and customers in automotive and auto parts industries and our contracts are typically awarded on a project-by-project basis, which are non-recurring in nature. Any substantial decrease in projects from our major customers could materially affect our financial performance.
- Fluctuations in the prices and availability of raw material, particularly steel plate, may significantly affect our operations.
- Our business is exposed to risks related to delays in project timelines, cost overruns, and operational disruptions, which could materially impact our operational and financial performance.
- Any material inaccurate cost estimation when determining tender price may adversely affect our financial results.
- Failure to maintain safe construction sites or implement a safety management system may result in personal injuries, property damage, legal liabilities, suspension of business licenses, or other operational risks.
- Rising labor costs may increase our operational expenses and negatively affect our profitability.
- Our operations are subject to seasonality, adverse weather conditions, natural disasters, or epidemics, which may cause project delays and negatively affect financial performance.
- Our business plans and strategies may not achieve expected outcomes.
- Changes in economic, regulatory, political and social conditions in Southeast Asia could have a material and adverse effect on our results of operations, financial performance and business prospects.

## MAJOR CUSTOMERS AND SUPPLIERS

During the reporting period, the total revenue attributable to the Group's largest customer and its five largest customers accounted for 50.0% and 67.5% of the Group's total revenue, respectively.

During the reporting period, the total purchases attributable to the Group's largest supplier and its five largest suppliers accounted for 15.2% and 31.0% of the Group's total purchases, respectively.

During the reporting period, none of the Directors, any of their close associates, or any shareholders (who, to the knowledge of the Directors, own more than 5% of the issued shares (excluding treasury, shares) of our Company) had any interest in the Group's five largest customers or suppliers.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or PRC laws which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

## TAX RELIEF AND EXEMPTION

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

## DIRECTORS AND SUPERVISORS

During the year ended December 31, 2025 and up to the date of this report, the members of the Board of the Company are as follows:

### Executive Directors

Mr. Brian B. Y. Chen (陳博彥) (*Chairman of the Board*)

Ms. Angela Chen Mah (陳嘉琪)

### Non-executive Directors

Mr. Charles Chiang Mah (馬江)

Mr. Wajdi Maalouf

### Independent Non-executive Directors

Mr. He Zhicong (何志聰)

Mr. Liu Xuming (劉緒明)

Mr. Chong Hon Wang (莊瀚宏)

During the year ended December 31, 2025 and up to the date of this report, the members of the Supervisory Committee of the Company are as follows:

### Supervisors

Mr. Zhang Chunhua (張春華)

Ms. Bian Minfang (卞敏芳)

Mr. Xu Wei (徐煒)

### **BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

The biographies of the Directors, Supervisors and senior management of the Group are set out in the “Directors, Supervisors and Senior Management” section of this annual report.

### **INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received annual written confirmations of independence from each Independent Non-executive Director in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all Independent Non-executive Directors to be independent.

### **DIRECTORS’ AND SUPERVISORS’ SERVICE CONTRACTS AND LETTERS OF APPOINTMENT**

The Group has entered into service contracts and letters of appointment with each relevant Director and Supervisor in compliance with relevant laws, regulations and the articles of association. The principal details of the service contracts and letters of appointment include: (a) a term of three years from the date of appointment; and (b) termination provisions in accordance with their respective terms. Directors may be reappointed subject to shareholder approval.

None of the Directors and Supervisors, including those to be re-elected at the forthcoming annual general meeting, has a service contract or letter of appointment, which is not determinable by the Group within one year without the payment of compensation, other than statutory compensation.

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

During the reporting period and as at the end of the reporting period, none of the Directors or Supervisors had entered into any service contract with the Group or any of its subsidiaries, nor did they have any direct or indirect material interest subsisting in any transaction, arrangement or contract of significance to which the Group or any of its subsidiaries was a party.

### **CONTROLLING SHAREHOLDERS’ INTERESTS IN CONTRACTS**

Neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company’s controlling shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company’s controlling shareholders or their subsidiaries, during the year.

### **DIRECTORS’ INTERESTS IN COMPETING BUSINESSES**

During the reporting period, none of the Directors, Supervisors or any entities connected with them had any interest in any business that competed or was likely to compete, either directly or indirectly, with the business of the Group.

## **DIRECTORS' ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the Reporting Period were there rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or minor children, nor were there any such rights exercised by them; nor was the Company or any of its subsidiaries a party to any arrangement to enable any Directors to acquire such rights in any other body corporate.

## **PROPERTY, PLANT AND EQUIPMENT**

Details of the movements in the property, plant and equipment of the Group for the year ended December 31, 2025 are set out in Note 16 to the consolidated financial statements of the annual report.

## **PERMITTED INDEMNITY PROVISIONS**

Since the Listing Date, the Group has maintained liability insurance to provide appropriate protection for its Directors. Permitted indemnity provisions are set out in such liability insurance.

## **MANAGEMENT CONTRACTS**

During the Reporting Period, no management or administration contracts relating to all or any material part of the Company's business were entered into or existed.

## **EMOLUMENT POLICY**

The emoluments of the Directors and senior management of the Group are determined by the Board with reference to the respective responsibilities and duties, experience, individual performance, and time devoted to the Group and may be adjusted upon the recommendation of the Remuneration Committee. The Remuneration Committee was set up for reviewing the Company's emolument policy and structure of all remuneration of the Directors and senior management of our Company.

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

No transactions, arrangements or contracts of significance, in relation to the Group's business to which the Company or any of its subsidiaries was a party in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

## **EMOLUMENTS OF DIRECTORS AND SUPERVISORS AND HIGHEST PAID INDIVIDUALS**

Details of the emoluments of the Directors, Supervisors and highest paid individuals during the reporting period are set out in note 12 to the consolidated financial statements of this annual report.

## **EMPLOYEE BENEFITS**

Details of the Group's employee benefits are set out in note 4(l) to the consolidated financial statements of this annual report.

### **PUBLIC FLOAT**

Based on publicly available information and to the best of the Directors' knowledge, the Company has maintained sufficient public float during the year and as at the date of this annual report in accordance with the Listing Rules.

### **CONNECTED TRANSACTIONS**

Certain of the related party transactions as set out in Note 38 to the consolidated financial statements are connected transactions or continuing connected transactions, both of which are fully exempted from reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. Save as disclosed above, there were no other related party transactions during the year as set out in note 38 to the consolidated financial statements which, the Directors to the best of their knowledge, constituted connected transactions or continuing connected transactions that were subject to the reporting requirements under Chapter 14A of the Listing Rules. The Company confirmed that it has complied with the requirements under Chapter 14A of the Listing Rules in relation to the aforesaid connected transactions and continuing connected transactions.

Save as disclosed in the annual report, none of the related party transactions constitutes a connected transaction or continuing connected transaction subject to the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rule.

### **Confirmation of Independent Non-executive Directors**

In the opinion of the independent non-executive Directors, the continuing connected transactions above were entered into by the Group: (i) in the ordinary and usual course of its business; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreements governing such transactions and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

### **CONFIRMATION FROM THE COMPANY'S INDEPENDENT AUDITORS**

BDO Limited, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor's letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules has been provided to the Directors, and was confirmed in respect of the above matter. The auditor of the Company has confirmed to the Board that nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions for the year ended December 31, 2025: (a) have not been approved by the Company's board of directors; (b) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (c) have exceeded the annual caps as set by the Company.

Save as disclosed in the annual report, as of the date of this annual report, the Company had no connected transactions which are required to be disclosed in accordance with the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions.

## **BOARD COMMITTEES**

The Company has established four Board committees, namely the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration Committee.

Details are set out in the “Corporate Governance Report — Board Committees” section of this annual report.

## **MATERIAL LITIGATION AND ARBITRATION**

As of December 31, 2025, we were involved in six ongoing legal proceedings with amounts in dispute exceeding RMB5.0 million, where we were the plaintiff in five cases and both the respondent and counter-claimant in one. Except for the information disclosed in our prospectus dated December 18, 2025 and this annual report, there has been no further development in these proceedings during the reporting period.

## **EQUITY-LINKED AGREEMENTS**

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Reporting Period.

## **PRE-EMPTIVE RIGHTS AND TAXATION RELIEF OR EXEMPTION**

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of the PRC, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders. The Company is not aware of any tax relief or exemption available to any existing Shareholder by reason of his/her holding of the securities of the Company.

## **DONATIONS**

For the year ended December 31, 2025, RMB3,000 (2024: RMB20,000) charitable donations were made by the Group.

## **SHARE SCHEME**

As of December 31, 2025, the Company had no share scheme as defined and applicable under Chapter 17 of the Listing Rules.

The Board approved and adopted the Pre-IPO Employee Incentive Scheme on December 6, 2019 (in respect of Shanghai Xianglian) and September 12, 2023 (in respect of Shanghai Xinlian zhan). The Pre-IPO Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Employee Incentive Scheme does not involve the grant of new shares or awards by the Company after the listing.

## **CORPORATE GOVERNANCE**

The corporate governance principles and practices of the Company are set out in the “Corporate Governance Report” section of this annual report.

### **AUDIT COMMITTEE**

The Audit Committee has reviewed, together with the Company's management and the external auditor (the "**Auditor**"), the accounting principles and policies adopted by the Group, as well as the consolidated financial statements for the year.

### **AUDITOR**

The Company has appointed BDO Limited as its Auditor. Upon the recommendation of the Audit Committee, the Board intends to propose at the forthcoming annual general meeting the reappointment of BDO Limited as the Auditor of the Company. There was no change in the Company's auditors in any of the three preceding years.

### **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company is scheduled to be held on May 15, 2026. The notice of the AGM and the circular will be published in due course on the websites of the Stock Exchange and the Company.

### **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement of shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Monday, May 11, 2026 to Friday, May 15, 2026 (both days inclusive), during which period no transfer of shares of the Company will be effected.

In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, May 8, 2026.

### **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.

## DIRECTORS' INTEREST AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of December 31, 2025, the interests and/or short positions of the Directors, Supervisors 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 SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code to be notified to the Company, once the Shares are listed on the Hong Kong Stock Exchange were as follows:

### (i) Interest in the shares of the Company

Name of Director, Supervisor or chief executive	Position	Nature of interest <sup>(1)</sup>	Number of shares held	Approximate percentage of shareholding in the total issued share capital <sup>(2)</sup>
Brian B. Y. Chen (陳博彥) <sup>(3)(4)</sup>	Executive Director, chairman of the Board	Interests in controlled corporations	67,966,962	56.38%
		Interest held jointly with other persons	4,217,143	3.49%
Angela Chen Mah (陳嘉琪) <sup>(4)(5)</sup>	Executive Director	Interests in controlled corporations	4,217,143	3.49%
		Interest held jointly with other persons	67,966,962	56.38%
Charles Chiang Mah (馬江) <sup>(6)</sup>	Non-executive Director	Interest of spouse	72,184,105	59.87%
Zhang Chunhua (張春華) <sup>(7)</sup>	Supervisor; chairman of the Supervisory Committee	Interests in controlled corporations	40,000	0.03%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 120,550,005 issued shares as at December 31, 2025.
- (3) As at December 31, 2025, Mr. Chen held 70% of the entire equity interest in Broad Vision International Group Limited ("**Broad Vision**"), and Broad Vision held 67,966,962 shares in issue. As such, under the SFO, Mr. Chen is deemed to be interested in 67,966,962 shares held by Broad Vision.
- (4) Pursuant to the acting in concert agreement entered into by Mr. Chen, Ms. Chen and Broad Vision on January 1, 2020 and renewed on December 10, 2024, Mr. Chen, Ms. Chen and Broad Vision agreed to maintain consistency when voting on any matter at the meeting of the Board (as Director or through any Director nominated by it) and at the meeting of the shareholders (as shareholder or through any entity controlled by it). By virtue of the SFO, each of Mr. Chen, Ms. Chen, Broad Vision are deemed to be interested in the shares held by each other.

## Report of the Board

- (5) As at December 31, 2025, (i) Ms. Chen was the executive partner of both Shanghai Xianglian Corporate Management Partnership (Limited Partnership) (“**Shanghai Xianglian**”) and Shanghai Xinlianzhan Corporate Management Partnership (Limited Partnership) (“**Shanghai Xinlianzhan**”), each a limited partnership, and was responsible for their respective management; and (ii) Shanghai Xianglian held 2,067,038 shares, whilst Shanghai Xinlianzhan held 2,150,105 shares. As such, under the SFO, Ms. Chen is deemed to be interested in 4,217,143 shares held by Shanghai Xianglian and Shanghai Xinlianzhan in aggregate.
- (6) Mr. Mah is the spouse of Ms. Chen. Mr. Mah is therefore deemed to be interested in 72,184,105 shares held by his spouse under the SFO.
- (7) As at December 31, 2025, Mr. Zhang held 50% interest in Shanghai Yiguan Corporate Management Center (Limited Partnership) (“**Shanghai Yiguan**”) as general partner, he is also the executive partner of Shanghai Yiguan. As such, Mr. Zhang is deemed to be interested in 40,000 Shares held by Shanghai Yiguan.

### (ii) Interest in the Company’s associated corporation

Name of Director	Position	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Angela Chen Mah (陳嘉琪)	Executive Director	Beneficial owner	Hopeway (Thai) Co., Ltd.	0.05%
Charles Chiang Mah (馬江)	Non-executive Director	Interest of spouse	Hopeway (Thai) Co., Ltd.	0.05%

Save as disclosed above, as of December 31, 2025, none of the Directors, Supervisors and chief executive had interests or short positions in the Shares or underlying Shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company under the provisions of Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION

As of December 31, 2025, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of shares held <sup>(1)</sup>	Approximate percentage of shareholding in the total issued share capital <sup>(2)</sup>
Broad Vision <sup>(3)(4)</sup>	Beneficial owner	67,966,962	56.38%
	Interest held jointly with other persons	4,217,143	3.49%
Sunny International Inc. Limited ("Sunny International") <sup>(5)</sup>	Beneficial owner	15,255,000	12.65%
Asia Investments ARM (AIA) S.A. ("Asia Investments") <sup>(5)</sup>	Interest in controlled corporation	15,255,000	12.65%
Samer Said Khouri <sup>(5)</sup>	Interest in controlled corporation	15,255,000	12.65%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 120,550,005 issued shares as at December 31, 2025.
- (3) As at December 31, 2025, Brian B. Y. Chen (陳博彥), who is the (Executive Director and chairman of the Board of the Company, held 70% of the entire equity interest in Broad Vision.
- (4) Pursuant to the acting in concert agreement entered into by Mr. Chen, Angela Chen Mah (陳嘉琪) (an Executive Director of the Company), and Broad Vision on January 1, 2020 and renewed on December 10, 2024, Mr. Chen, Ms. Chen and Broad Vision agreed to maintain consistency when voting on any matter at the meeting of the Board (as Director or through any Director nominated by it) and at the meeting of the shareholders (as shareholder or through any entity controlled by it). By virtue of the SFO, each of Mr. Chen, Ms. Chen, Broad Vision are deemed to be interested in the shares held by each other.
- (5) As at December 31, 2025, Mr. Samer Said Khouri held 100% of the entire equity interest in Asia Investments, Asia Investments held 100% of the entire equity interest in Sunny International, and Sunny International in turn held 15,255,000 shares in the Company. As such, under the SFO, Mr. Samer Said Khouri is deemed to be interested in 15,255,000 shares in the Company held by Sunny International through Asia Investments.

Save as disclosed above, the Company is not aware that as of December 31, 2025, any other person had any interests or short positions in the Shares and underlying Shares, which is required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which is required to be entered in the register maintained by the Company under section 336 of the SFO.

# Report of the Supervisory Committee

The Supervisory Committee (the “**Supervisory Committee**”) of the Company, in accordance with the provisions of the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, other applicable laws and regulations (the “**Relevant Laws and Regulations**”) and the Articles of Association of the Company, has performed its duties diligently and responsibly. Adhering to the principle of safeguarding the interests of the Company and all shareholders, the Supervisory Committee exercises its supervisory powers independently, conducts effective supervision over the Company’s compliance with laws and regulations, and oversees the performance of duties by the directors and senior management, thereby protecting the legitimate rights and interests of the Company and its shareholders.

## MEMBERS OF THE SUPERVISORY COMMITTEE

The Supervisory Committee of our Company consists of three Supervisors, including one employee representative Supervisor and two non-employee representative Supervisors. The non-employee representative Supervisors are elected at our general meetings. The employee representative Supervisor is elected by our employees. The Supervisors are typically appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

During the year ended December 31, 2025 and up to the date of this report, the members of the Supervisory Committee are as follows:

<b>Name</b>	<b>Position</b>
Mr. Zhang Chunhua	Chairman of the Supervisory Committee
Ms. Bian Minfang	Supervisor
Mr. Xu Wei	Employee Representative Supervisor

## PRINCIPAL WORK OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

During the year ended December 31, 2025, the Supervisory Committee diligently fulfilled its supervisory duties. The Supervisory Committee conducted continuous and effective supervision over the implementation of shareholders’ resolutions by the Board of Directors and the effectiveness of the fiduciary duties performed by all directors.

The Supervisory Committee held one meeting of the Supervisory Committee, and attended four shareholders’ meetings and seven Board meetings. The convening and procedures of these meetings were in compliance with the Company Law, the articles of association and the rules of procedure of the Supervisory Committee.

## COMPLIANCE WITH LAWS AND REGULATIONS BY THE COMPANY

During the year ended December 31, 2025, the Company strictly complied with the relevant laws and regulations and the Articles of Association of the Company, and operated in a lawful and compliant manner. During the reporting period, the Company’s operational decision-making procedures were lawful, and the directors and other senior management acted faithfully, diligently and responsibly in the course of business operations and management. No violations of laws, regulations or the Articles of Association of the Company were identified, nor were there any circumstances that would prejudice the interests of shareholders.

### **REVIEW OF THE COMPANY'S FINANCIAL CONDITION**

The Supervisory Committee conducted a systematic review of the Company's financial condition and financial systems for the year ended December 31, 2025. The Supervisory Committee is of the view that the financial statements fairly and accurately reflect, in all material respects, the financial condition, operating results and cash flows of the Company. The Company has complied with the relevant provisions of the Accounting Law of the People's Republic of China and the China Enterprise Accounting Standards, and there are no material misstatements, misleading statements or material omissions.

### **IMPLEMENTATION OF SHAREHOLDERS' RESOLUTIONS**

The Supervisory Committee supervised the implementation of shareholders' resolutions and confirmed that the Board of Directors fully executed all shareholders' resolutions without prejudice to the interests of shareholders.

### **INFORMATION DISCLOSURE MANAGEMENT**

The Supervisory Committee reviewed the implementation of the Company's information disclosure policies and is of the view that the Company has performed its information disclosure obligations in a timely and accurate manner. No delays in the submission or publication of periodic reports or announcements were identified, nor were there any instances of false records, misleading statements or material omissions.

### **STORAGE AND UTILISATION OF PROCEEDS**

The Company strictly complied with the relevant laws and regulations and the Measures for the Management of Proceeds in the deposit and use of proceeds. There were no irregularities during the reporting period.

### **WORK PLAN FOR 2026**

In 2026, the Supervisory Committee will continue to perform its supervisory duties in accordance with the relevant laws and regulations, the Articles of Association of the Company and the Rules of Procedure of the Supervisory Committee. It will remain diligent in its work, continue to strengthen its supervisory functions, promote the Company's compliance with applicable requirements, safeguard the interests of shareholders and the Company, and facilitate the Company's sustainable development.

# Corporate Governance Report

## CORPORATE GOVERNANCE

The Group is committed to maintaining a high standard of corporate governance, with principles that emphasise integrity, transparency, accountability and ethical conduct in all aspects of its business, and ensure that all business operations comply with applicable laws and regulations.

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) on December 30, 2025 (stock code: 02671.HK). As a newly listed company, we are fully aware that a robust corporate governance framework is crucial to safeguarding shareholders’ interests and promoting sustainable development. During the period from the Listing Date to December 31, 2025, the Company has taken reference from the principles set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and has adopted the relevant code provisions as the foundation of the Company’s internal governance framework.

During the period from the date of the Company’s listing on the Hong Kong Stock Exchange to December 31, 2025, the Company has complied with all applicable code provisions as set out in Part 2 of the CG Code.

The Board will regularly review the corporate governance practices to ensure they remain in compliance with the requirements of the CG Code, and will continuously refine them in light of the Company’s business development and changes in the regulatory environment.

## MODEL CODE FOR SECURITIES TRANSACTIONS 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 for securities transactions by directors and the employees who may possess inside information of the Company. Having made specific enquiries with all Directors and the Supervisors, each of them has confirmed that they have fully complied with the required standard set out in the Model Code for securities transactions from the date of listing up to December 31, 2025. From the date of listing up to December 31, 2025, the Company is not aware of any non-compliance with the Model Code by any employee.

## THE BOARD

### Board Composition

The Board of our Company consists of seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. The Board is responsible and has the general authority for the management and operation of our Company.

#### Executive Directors

Mr. Brian B. Y. Chen (陳博彥) (*Chairman of the Board*)

Ms. Angela Chen Mah (陳嘉琪)

#### Non-executive Directors

Mr. Charles Chiang Mah (馬江)

Mr. Wajdi Maalouf

#### Independent Non-executive Directors

Mr. He Zhicong (何志聰)

Mr. Liu Xuming (劉緒明)

Mr. Chong Hon Wang (莊瀚宏)

Each of the Directors has confirmed that he/she obtained the legal advice referred to in Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to him/her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on January 13, 2025 (and in the case of Mr Wajdi Maalouf, on January 19, 2025) and he/she has confirmed he/she understood his/her obligations as a director of a listed issuer.

The biographies of the Directors are set out under the section headed “Directors, Supervisors and Senior Management” of the Annual Report.

## Corporate Governance Report

The Board considers that the composition of the Board provides a strong independent element with a balance of skills, experience and diversity of perspectives appropriate for the requirements of the business of the Company. The Company embraces the benefits of having Board members from a diversified spectrum, in particular the independent non-executive Directors. The Company also considers the diversity at the Board level as an essential element in maintaining the Company's competitive advantage. To ensure independent views and inputs are available to the Board, the Company has established mechanism. Board meetings were held during the year with open discussion among the Directors. The Company also seeks the development of an effective working environment for the Board so as to improve the communication efficiency without constraining the independent views of the independent non-executive Directors. During the year ended December 31, 2025, the Board has reviewed the implementation and effectiveness of the above mechanism.

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

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

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

Save as disclosed in the biographies of the Directors as set out in the section headed "Directors, Supervisors and Senior Management" of the Annual Report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

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

### Appointment of Directors and Re-election of Directors

Directors are elected or removed by the shareholders' general meeting, with a term of office of three years. Prior to the expiration of their term, they may be removed by the shareholders' general meeting. Upon expiration of their term, they are eligible for re-election if qualified.

The number of independent non-executive directors shall represent at least one-third of the Board at any time. At least one of the independent non-executive directors shall possess the appropriate professional qualifications or appropriate accounting or related financial management expertise as required by the securities regulatory authority or stock exchange rules (including but not limited to the Hong Kong Listing Rules) of the place where the Company's securities are listed. At least one independent non-executive director of the Company shall be ordinarily resident in Hong Kong.

### Chairman and Chief Executive Officer

Pursuant to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. From the Listing Date and up to December 31, 2025, the chairman of the Board and general manager of the Company are held by Mr. Brian B.Y. Chen and Mr. Zhu Lezhong respectively, thus we have complied with Code provision C.2.1 of the CG Code. The division of responsibilities between the chairman of the Board and the general manager has been clearly established.

### Continuing Professional Development

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

Every newly appointed Director has received a 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.

Pursuant to the code provision C.1.4 of the CG Code, directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. During the year ended December 31, 2025 and prior to the Listing, all Directors have participated in continuous professional development by attending training course or external seminars to develop and refresh their knowledge and skills in relation to their contribution to the Board.

The training received by the Directors for the year ended December 31, 2025 and up to date of this report is summarized below:

Name of Director	Category <sup>(Notes)</sup>
<b>Executive Directors</b>	
Mr. Brian B. Y. Chen	A, B
Ms. Angela Chen Mah	A, B
<b>Non-executive Directors</b>	
Mr. Charles Chiang Mah	A, B
Mr. Wajdi Maalouf	A, B
<b>Independent Non-executive Directors</b>	
Mr. He Zhicong	A, B
Mr. Liu Xuming	A, B
Mr. Chong Hon Wang	A, B

## Corporate Governance Report

Notes:

- A. Participation in seminars, conferences, forums and/or training courses arranged by the Company or external organisations.
- B. Perusing materials provided by the Company or external parties, such as materials relating to the Company's business updates, directors' duties and responsibilities, corporate governance and regulatory updates, and other applicable regulatory requirements.

### Directors' Liability Insurance

The Company has arranged appropriate liability insurance for its directors to cover the legal proceedings risks they may face in the course of performing their duties.

### Responsibilities of the Board of Directors

The Board of Directors is the Company's decision-making body for business operations, responsible for formulating major strategies, reviewing key matters, and supervising their implementation. The Board shall perform its duties in accordance with the law, ensuring that the Company complies with laws, regulations, regulatory rules, business rules, and the provisions of the Company's Articles of Association, treats all shareholders fairly, and pays attention to the legitimate rights and interests of other stakeholders.

Under the decision-making framework of the Board, the management team, with the General Manager at its core, is responsible for specific execution and day-to-day operational management.

To oversee specific aspects of the Company's affairs, the Board has established four special committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Executive Committee (collectively referred to as the "**Board Committees**"). The duties and operating authority of each Committee are exercised in accordance with their respective terms of reference approved by the Board.

## BOARD COMMITTEES

Our Company has established four Board committees, namely the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration Committee.

### Strategy Committee

The Strategy Committee consists of three Directors, namely, Mr. Brian B.Y. Chen (Executive Director), Mr. Liu Xuming (Independent Non-executive Director) and Mr. Wajdi Maalouf (Non-executive Director). Mr. Brian B.Y. Chen currently serves as the chairman of the Strategy Committee.

The main responsibilities of the Strategy Committee include:

- (i) conducting research into the long-term strategic development plan of our Company and making recommendations thereof;
- (ii) conducting research into the material investment and finance plans which are subject to the approval of the Board under the Articles of Association and making recommendations thereof;
- (iii) conducting research into the material capital operations and assets operating projects which are subject to the approval of the Board under the Articles of Association and making recommendations thereof;
- (iv) conducting research into other material businesses which may influence the development of our Company and making recommendations thereof;
- (v) reviewing the implementation of the abovementioned businesses; and
- (vi) other matters authorized by the Board.

### Audit Committee

The Audit Committee consists of three Directors, namely, Mr. Chong Hon Wang (Independent Non-executive Director), Mr. He Zhicong (Independent Non-executive Director) and Mr. Charles Chiang Mah (Non-executive Director). Mr. Chong Hon Wang will serve as the chairman of the Audit Committee.

The main responsibilities of the Audit Committee include:

- (i) proposing the appointment or replacement of the external auditor and whether to engage the external auditor to provide other services in addition to auditing to our Company, reviewing the service fees of the external auditor and submitting the same to the Board for consideration and approval;

## Corporate Governance Report

- (ii) overseeing our Company's internal audit system and its implementation, directing the work of the audit department and receiving reports on the work;
- (iii) being responsible for the communication between the internal audit department and external auditor, and having the right to convene an auditor's meeting separately;
- (iv) reviewing our Company's financial information and its disclosure;
- (v) reviewing our Company's internal control systems and auditing material connected transactions;
- (vi) assisting the Strategy Committee of the Board in conducting risk analyzes of ongoing investment projects, etc., and providing early warnings of potential risks to our Company in order to prevent the occurrence of risks; and
- (vii) other matters authorized by the Board.

### Nomination Committee

The Nomination Committee consists of three Directors, namely Mr. Liu Xuming (Independent Non-executive Director), Mr. He Zhicong (Independent Non-executive Director) and Ms. Angela Chen Mah (Executive Director). Mr. Liu Xuming currently serves as the chairman of the Nomination Committee.

The main responsibilities of the Nomination Committee include:

- (i) make recommendations to the Board on the size and composition of the Board based on the business activities, asset size and shareholding structure of our Company;
- (ii) studying the criteria and procedures for the selection of Directors, managers and other senior management and make recommendations to the Board;
- (iii) identifying qualified candidates for Directors, managers and other senior management on an extensive basis;
- (iv) reviewing and making recommendations on candidates for Directors (including independent Directors), managers and other senior management; and
- (v) other matters authorized by the Board.

### Remuneration Committee

The Remuneration Committee consists of three Directors, namely Mr. He Zhicong (Independent Non-executive Director), Mr. Liu Xuming (Independent Non-executive Director) and Ms. Angela Chen Mah (Executive Director). Mr. He Zhicong currently serves as the chairman of the Remuneration Committee.

The main responsibilities of the Remuneration Committee include:

- (i) studying the criteria for the appraisal of Directors and senior management and making recommendations to the Board;
- (ii) studying, reviewing and formulating remuneration policies, plans or programs based on the major scope, duties and importance of the management positions of Directors and senior management, as well as the remuneration level of relevant positions in other relevant enterprises, wherein the remuneration policies, plans or programs mainly include but are not limited to performance evaluation criteria, procedures and major evaluation systems, and major proposals and systems of rewards and penalties;
- (iii) reviewing the performance of the Directors (excluding independent Directors) and senior management of our Company of their duties and conducting annual performance appraisal on them;
- (iv) being responsible for overseeing the implementation of the remuneration systems of our Company; and
- (v) other matters authorized by the Board.

## **GENERAL MEETINGS, BOARD MEETINGS AND BOARD COMMITTEES' MEETINGS**

### **1. Board Meetings**

Board meetings should be held at least four times a year, roughly once a quarter, involving active participation, either in person or through electronic means of communication, of a majority of Directors. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular Board meetings.

For other Board meetings, reasonable notice has to be given generally. For other committee meetings, a notice shall be given as prescribed in the terms of reference prior to the meeting. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

During the Reporting Period, the Board convened 7 meetings.

## Corporate Governance Report

### 2. Attendance records of Directors

The attendance record of each Director at general meetings, Board meetings and meetings of Board Committees held during the Reporting Period is set out in the table below.

Name of Director	General meetings	Number of attendance/Number of meetings held				
		Board	Strategy Committee	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Brian B. Y. Chen	4	7	—	—	—	—
Ms. Angela Chen Mah	4	7	—	—	—	—
Mr. Charles Chiang Mah	4	7	—	—	—	—
Mr. Wajdi Maalouf	4	7	—	—	—	—
Mr. He Zhicong	4	7	—	—	—	—
Mr. Liu Xuming	4	7	—	—	—	—
Mr. Chong Hon Wang	4	7	—	—	—	—

Note: The Company was listed on the Main Board of the Stock Exchange on December 30, 2025, and therefore, the Strategy Committee, Audit Committee, Remuneration Committee and Nomination Committee did not hold any meeting during the Reporting Period.

The Corporate Governance Code requires that the chairman should at least annually hold one meeting with the independent non-executive directors without the presence of other directors. As the Company was listed on the Main Board of the Stock Exchange on December 30, 2025, the Chairman did not hold any separate meeting with the independent non-executive Directors during the Reporting Period.

### Remuneration of Directors and Senior Management

The aggregate remuneration (including fees, salaries, bonuses, allowances, benefits in kind and pension scheme contributions) payable to the Directors for the year ended December 31, 2025 was approximately RMB3.4 million.

The remuneration of the Directors is determined with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group. Details of the remuneration by band of the members of the Directors, Supervisors and Senior management of the Company, whose biographies are set out on pages 7 to 12 of the Annual Report, for the year ended December 31, 2025, are set out below:

Band of remuneration	Number of individuals
Nil to RMB1,000,000	15
Over RMB1,000,000	2

## BOARD DIVERSITY

Our Company has adopted a board diversity policy (the “**Board Diversity Policy**”). Pursuant to the Board Diversity Policy, in reviewing and evaluating suitable candidates for appointment as Directors, the Nomination Committee will consider a range of diversity perspectives, including but not limited to gender, age, language, cultural and educational backgrounds, professional qualifications, skills, knowledge, industry and regional experience and/or length of service, with reference to our Company’s business model and specific needs.

Currently, the Board has a balanced mix of knowledge and skills and each member has different industry background. In addition, the age range of the Board is relatively wide, from 46 to 63. As at December 31, 2025, the male to female ratio (including senior management) of the Group is approximately 3:11. Currently, our Company also has one female Director on the Board and will continue to endeavor to enhance the gender diversity of the Board. The Board considers that the Board is in line with the Board Diversity Policy. Gender is not the only factor to be taken into account in considering appointment to the Board. Appointment is made on merits after considering a number of factors including the educational background, professional qualifications, skills, knowledge, industry and regional experience of the candidate. Hence, the Board does not set any particular targets on the number of female representation at the Board. The Board and the Nomination Committee will closely monitor and review from time to time the composition of the Board and will take into account the Board Diversity Policy including gender diversity in considering appointment to the Board with an aim to maintaining female representation at the Board.

The Nomination Committee is responsible for reviewing the diversity of the Board, reviewing the Board Diversity Policy from time to time, setting and reviewing measurable objectives to implement the Board Diversity Policy and monitoring the progress in achieving such measurable objectives to ensure that the policy remains effective. Currently, our Company also has one female Director in the Nomination Committee and will continue to endeavor to enhance the gender diversity of the Nomination Committee. Our Company will (i) disclose the biographical details of each Director and (ii) report on the implementation of the Board Diversity Policy in its annual corporate governance report. During the financial year ended December 31, 2025, the Board and the Nomination Committee had reviewed the implementation and effectiveness of the Board Diversity Policy.

## CORPORATE GOVERNANCE FUNCTIONS

Pursuant to code provision A.2.1 of the Corporate Governance Code, the Board is responsible for performing the corporate governance functions, which include:

- developing and reviewing the Company’s policies and practices on corporate governance;
- reviewing and monitoring the training and continuing professional development of directors and senior management;
- reviewing and monitoring the Company’s policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors; and
- reviewing the Company’s compliance with the Corporate Governance Code and making disclosures in the Corporate Governance Report.

During the reporting period, the Board has performed the above functions.

### **REVIEW OF THE EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS**

The Board has continued to oversee the management in the design, implementation and monitoring of the risk management and internal control systems. It conducted a comprehensive review of the risk management and internal control systems of the Company during the Reporting Period, and continuously oversees major risks and regularly reviews the implementation of management and control measures covering Reporting Period. Based on its review and the advice from the Audit Committee, the Board considered that the risk management and internal control systems are effective and adequate.

### **PROFESSIONAL ETHICS AND ANTI-CORRUPTION**

In terms of professional ethics and anti-corruption in corporate governance, we strictly comply with relevant laws and regulations, including the Criminal Law of the People's Republic of China, the Company Law of the People's Republic of China, and the Anti-Money Laundering Law of the People's Republic of China, strictly prohibiting the occurrence of incidents such as bribery, extortion, fraud, and money-laundering.

We have established comprehensive policies to prevent the occurrence of illegal behaviors such as bribery, extortion, fraud, and money-laundering, including rules and procedures for Board meetings, terms of reference of the senior management, and articles of association. Those policies clearly stipulate that employees must not engage in any form of corrupt behavior. For example, they must not directly or indirectly accept rebates, cash, physical goods, securities, gift vouchers, and other items of value provided by companies that have business relationships with us, or participate in travel, high-end banquets, and other activities provided by such companies, which may affect the impartiality of their duty performance.

In order to further strengthen internal control and ensure the stable, healthy, and sustainable development of our Group, we will hold the responsible personnel accountable for fraud, money-laundering, corruption, and other incidents of violations of professional ethics in accordance with the laws and regulations and the relevant internal provisions. Employees can report such incidents through the reporting hotline, reporting box, email, letter, and other channels set up by us. Once a report is received, we will open a case and set up an investigation team to conduct an investigation and handling. In case of any acts from our employees violating the law, we will transfer them to the judicial authorities for handling in accordance with the law.

### **DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The directors have confirmed their responsibility for preparing the financial statements of the Group for the year ended December 31, 2025, which give a true and fair view of the affairs of the Company and the Group, and the results and cash flows of the Group.

## RISK MANAGEMENT AND INTERNAL CONTROLS

Effective risk management and robust internal controls are the foundation of the Group's operations. The Group's framework addresses the diverse risks associated with its project-driven business model, covering areas such as contract risks, operational risks, project risks and regulatory compliance. This approach ensures that while safeguarding the Group's assets and operations, it also maintains a proactive stance in pursuing the sustainable and steady development of the business.

### Risk Management

The Group has implemented a comprehensive risk management framework, supplemented by internal guidelines, policies and procedures, to mitigate risks in its operations. The directors and senior management oversee the formulation and implementation of these measures, ensuring the effectiveness of internal controls and compliance with applicable laws and regulations.

### Internal Control

The Group's internal control system, which includes an internal audit function, is designed to provide reasonable assurance regarding the achievement of operational efficiency, compliance with applicable regulations and the reliability of financial reporting. The Group has established comprehensive controls in key operational areas, including project management, financial reporting, procurement and information technology. The internal control policies cover a wide range of functions.

During the year ended December 31, 2025, the Board has conducted an annual review of the effectiveness of the internal control system of the Group and considered the internal control system to be effective and adequate.

The Company has adopted an inside information policy in accordance with the SFO and the Listing Rules to ensure the confidentiality of handling inside information and the publication of respective disclosure to the public as soon as practicable. The Company will make corresponding information disclosure timely with regard to information that is unlikely to maintain confidentiality, so as to ensure effective protection of the rights and interests of investors and stakeholders.

In conclusion, the Company believes that its internal control system is sufficient and effective.

## AUDITOR'S REMUNERATION

For the year ended December 31, 2025, the remuneration paid and payable by the Company to the external auditor, BDO Limited, for audit services was RMB1,250,000. The non-audit services provided included services in relation to continuing connected transactions and the preliminary results announcement. No material non-audit service fees were paid during the year.

## SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

### Shareholders' Rights

Pursuant to the Company's articles of association, shareholders may follow the following procedures to convene an extraordinary general meeting or to make enquiries to the Board:

Convening an extraordinary general meeting: Shareholders holding not less than one-tenth of the paid-up share capital of the Company carrying the right to vote may, at any time, request the Board to convene an extraordinary general meeting in accordance with the provisions of the Companies Ordinance and the Company's articles of association.

## Corporate Governance Report

Proposing resolutions: Shareholders may propose resolutions at general meetings in accordance with the provisions of the Companies Ordinance and the Company's articles of association.

Making enquiries to the Board: Shareholders may submit written enquiries to the Company at any time, including via email. Such enquiries should be addressed to the Company Secretary's office at 208 Jiangtian Road East, Songjiang Industry Park, Songjiang District, Shanghai, China or by email at [ir@usas.com](mailto:ir@usas.com).

### Communication With Shareholders and Investor Relations

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

The AGM provides an opportunity for constructive communication between the Company and the Shareholders. The Chairman and the chairmen of the Board Committees of the Company or their delegates will attend the AGMs to answer Shareholders' questions. The Auditor will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

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

During the financial year ended December 31, 2025, the Board has reviewed the implementation and effectiveness of the shareholders' communication policy. Based on the above and the Company's review, the Company considers that its shareholders' communication policy was effectively implemented for the year ended December 31, 2025.

### Investor Relations

The Company attaches great importance to communication with investors and is committed to maintaining a high level of transparency. Investor relations matters are directly overseen by the Board. Enquiries may be submitted through the following channels:

- Email: [ir@usas.com](mailto:ir@usas.com)

The Company has adopted a shareholders' communication policy and regularly reviews its effectiveness to ensure that the policy facilitates effective communication with shareholders. During the period from the date of the listing of the Company's shares on the Hong Kong Stock Exchange and up to the date of this Annual Report, the Company has reviewed the shareholders' communication policy and considered that the policy was effectively implemented.

### DIVIDEND POLICY

The Company currently does not set any pre-determined dividend payout ratio. The payment and amounts of dividends (if any) depend on our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividend paid by us, future prospects and other factors which we consider relevant. The declaration, payment and amount of dividends will be subject to our discretion. The proposed payment of dividends is also subject to the absolute discretion of the Board, and any declaration of final dividend for the year will be subject to the approval of the Shareholders.

## COMPANY SECRETARY

Ms. Chen Yumin (陳宇敏) is one of the joint company secretaries of our Company and is also one of the senior management of our Company. Please refer to the section headed “Senior Management” above for her biography.

Mr. NG Tung Ching Raphael (吳東澄) was appointed as one of the joint company secretaries of our Company on December 25, 2024. Mr. NG is a seasoned professional with over 15 years of extensive experience in the legal and company secretarial domains, specializing in corporate governance and compliance. He currently serves as the Assistant Vice President, Entity Solutions of Computershare Hong Kong Investor Services Limited.

Mr. Ng obtained a master’s degree of science in professional accounting and corporate governance from The City University of Hong Kong, a bachelor’s degree in law from Manchester Metropolitan University, and a master of Laws degree in Chinese business law from The Chinese University of Hong Kong.

Mr. Ng is a Fellow of both The Hong Kong Chartered Governance Institute (the “HKCGI”, formerly known as the Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom. He also obtained the practitioner’s endorsement from HKCGI. Mr. Ng’s primary corporate contact person at the Company is Ms. Chen. Mr. Ng and Ms. Chen have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

## CONSTITUTIONAL DOCUMENTS

During the period from the date of listing of the Company’s shares on the Hong Kong Stock Exchange and up to the date of this Annual Report, the Company has not made any changes to its constitutional documents. An up-to-date version of the memorandum and articles of association of the Company is available on both the websites of the Company and the Stock Exchange.

## CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Save as disclosed herein, there has been no change in information required to be disclosed by the Directors, Supervisors and chief executive of the Company pursuant to Rule 13.51B(1) of the Listing Rules during the Reporting Period.

# Environmental, Social and Governance Report

## OVERVIEW

This report is the Environmental, Social and Governance Report (the “**Report**”) prepared by USAS Building System Shanghai Co., Ltd. (the “**Company**”), together with its subsidiaries (collectively referred to as the “Group” or “**we**”) during its listing stage. The Report aims to disclose the Group’s management philosophy, relevant policies and key practices in respect of environmental, social and governance (“**ESG**”) matters, and to provide an overview of the Group’s management measures and performance in areas such as environmental protection, social responsibility and corporate governance during the Reporting Period.

## REPORTING SCOPE

This Report serves as the Group’s ESG Report during its listing stage, covering the period from January 1, 2025 to December 31, 2025 (the “**Reporting Period**”), which is consistent with the statistical scope of the Group’s financial data during the listing stage. Unless otherwise stated, the disclosure scope of this Report encompasses the principal business operations and activities of USAS Building System Shanghai Co., Ltd. and its subsidiaries.

## BASIS OF PREPARATION

This Report has been prepared in accordance with the relevant provisions and disclosure requirements set out in Appendix C2, the *Environmental, Social and Governance Reporting Guide*, to the *Securities Listing Rules* of The Stock Exchange of Hong Kong Limited. In preparing this Report, the Group has adhered to the reporting principles of materiality, quantification, balance and consistency, and has disclosed its management policies, relevant measures and performance in respect of ESG matters.

## REPORT LANGUAGE

Simplified Chinese

## REPORTING PRINCIPLES

This Report has been prepared in accordance with the reporting principles set out in the *Environmental, Social and Governance Reporting Guide* of The Stock Exchange of Hong Kong Limited, including the principles of materiality, quantification, balance and consistency. The details are as follows:

- **Materiality Principle:** The Group identifies ESG issues that have a significant impact on its business development and stakeholders through stakeholder communication and internal assessments, and makes focused disclosures in this Report.
- **Quantification Principle:** This Report discloses key performance indicators (“**KPIs**”) relating to the Group’s ESG performance, and, where appropriate, explains the relevant statistical methods and calculation bases to reflect the Group’s performance in environmental and social management.
- **Consistency Principle:** In disclosing KPIs, this Report maintains consistency in statistical methods and disclosure bases to the extent possible. Should there be any significant changes in the relevant indicators or calculation methods, the Group will provide appropriate explanations in the Report.

- **Balance Principle:** This Report strives to present an objective and fair reflection of the Group's overall ESG performance, and discloses relevant management measures and performance data to avoid any selective disclosure that may affect the judgment of users of the Report.

### BOARD STATEMENT

The Board of Directors (the “**Board**”) of the Group believes that sound environmental, social and governance (“**ESG**”) management is an important foundation for supporting the long-term sustainable development of the enterprise. The Board assumes overall oversight responsibility for ESG-related matters of the Group and is responsible for reviewing and approving ESG strategies, management policies and information disclosure. This Report provides an overview of the Group's key measures and performance in ESG governance, risk management and material issue management.

In terms of ESG governance structure, the Group has established an ESG management mechanism under the supervision of the Board and set up an ESG working group to promote the implementation of relevant work. The Group currently has three dedicated staff members responsible for ESG-related work, including promoting the development of the ESG system, assisting in the formulation of ESG goals, reviewing relevant management policies, coordinating the preparation of the ESG Report, and facilitating communication and training on ESG issues within and outside the Group.

With respect to ESG risk management, the Group incorporates ESG-related risks into its overall risk management framework and takes ESG factors into consideration in strategic planning and daily operation management. The Group identifies and continuously monitors key ESG issues relevant to its business operations, including environmental aspects such as resource use and efficiency, pollutant management and climate change response; social aspects such as product quality and safety, occupational health and safety, supply chain management and customer service; and governance aspects such as business ethics, anti-corruption and compliance operations.

In identifying material issues, the Board, in accordance with the materiality principle of the *Environmental, Social and Governance Reporting Guide* of The Stock Exchange of Hong Kong Limited, and based on stakeholder communication and internal assessments, identifies and evaluates ESG issues relevant to the Group's sustainable development. During the Reporting Period, the Group identified and focused on material ESG issues including product quality and safety, pollutant management, employee health and safety, resource use and efficiency, and supply chain management, and has made focused disclosures in this Report.

Looking ahead, the Group will continue to improve its ESG governance system, strengthen ESG risk identification and management, and promote steady and sustainable development by continuously optimising resource utilisation, enhancing operational management levels and reinforcing compliance governance.

### ESG MANAGEMENT STRUCTURE

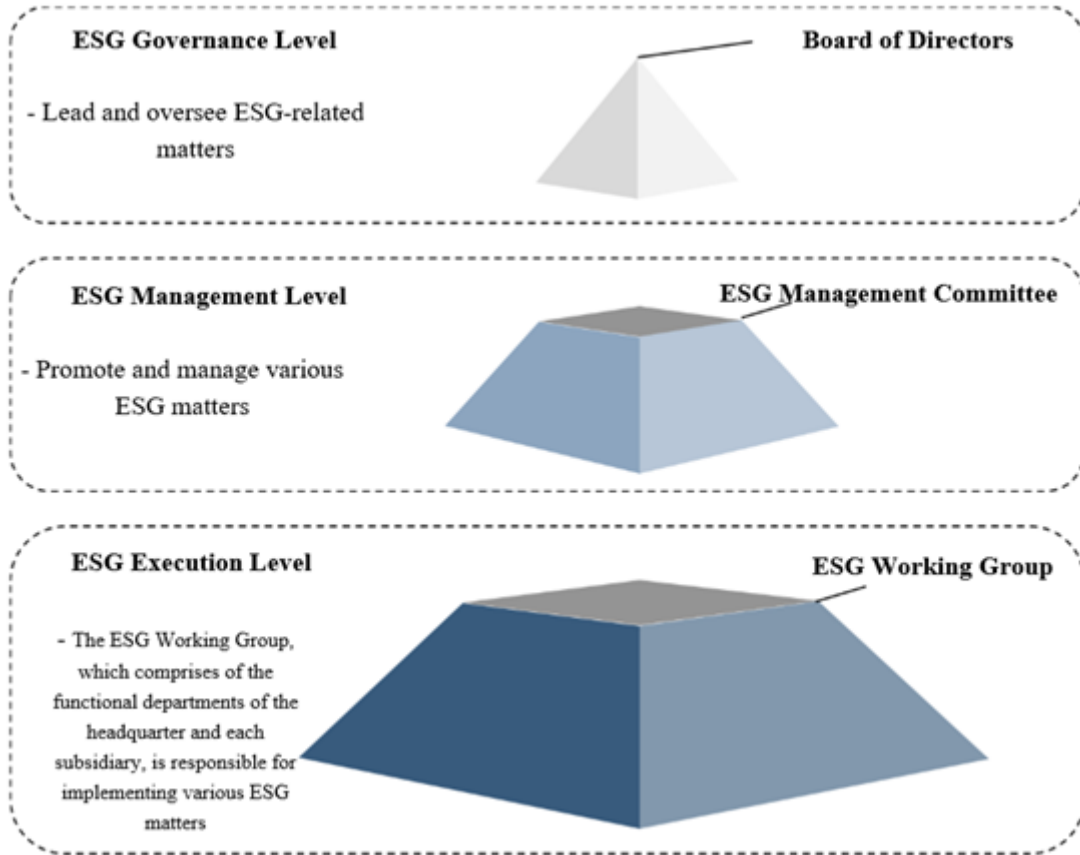
The Group believes that sound environmental, social and governance (“**ESG**”) management helps enhance the long-term sustainability of the enterprise. The Group integrates ESG concepts into its corporate culture, strategic planning and daily operations, and continuously improves relevant management policies and implementation mechanisms to respond to stakeholder concerns and promote steady development.

To strengthen ESG management, the Group has formulated the *Environmental, Social and Governance Management Manual of USAS Building System Shanghai Co., Ltd.* and established a three-tier ESG management structure comprising Board supervision, management coordination and business unit execution, clarifying the roles and responsibilities of each level in ESG management and enabling the Board to stay informed of the Group’s ESG strategies and management measures.

- **Governance level:** The Board serves as the highest oversight body for the Group’s ESG affairs, responsible for reviewing and supervising the Group’s ESG strategies, policies and management measures, and exercising overall oversight over ESG-related matters.
- **Management level:** The Group has established an ESG Management Committee, which is responsible for coordinating the planning and management of the Group’s ESG-related work and facilitating the implementation of relevant ESG strategies and management measures within the Group.
- **Implementation level:** The Group has established an ESG Working Group, comprising the ESG work lead and heads of various departments, which is responsible for advancing the implementation of the ESG management system and coordinating the execution of specific ESG projects in accordance with established work plans.

Through the above governance structure, the Group is able to continuously promote ESG-related management under the supervision of the Board, ensuring that ESG management remains aligned with the Group’s overall strategy and business operations.

**ESG Management Structure**



**ESG RISK MANAGEMENT**

The Group attaches importance to the management of environmental, social and governance (“**ESG**”) related risks and has integrated ESG risks into the Group’s overall risk management framework. During the Reporting Period, the Group continued to improve its ESG risk management mechanism and progressively established a management system covering risk identification, assessment, response and monitoring, with a view to strengthening the systematic management of ESG risks associated with its business operations. In the process of risk management, the Group focuses on climate change, changes in regulatory policies and other ESG-related risks that may have an impact on the Group’s operations. Through continuous risk identification and assessment, the Group develops corresponding management measures to mitigate operational or reputational risks that may arise from inadequate ESG management. The Group also periodically reviews its relevant risk management measures to continuously enhance the Group’s overall risk management capabilities.

## GROUP ESG RISK MANAGEMENT SYSTEM

ESG Risk Management Step	Control Measures
<b>Risk Identification</b>	<ul style="list-style-type: none"><li>– Identify potential ESG risks through daily operation management, internal inspections and audits</li><li>– Encourage employees to report material ESG-related risk events in a timely manner</li></ul>
<b>Risk Assessment</b>	<ul style="list-style-type: none"><li>– The Board Office and relevant departments conduct assessments on identified ESG risks</li><li>– Analyse risks based on the degree of impact and likelihood of occurrence</li></ul>
<b>Risk Response</b>	<ul style="list-style-type: none"><li>– Develop corresponding management measures for identified ESG risks</li><li>– Relevant business departments implement risk response plans</li></ul>
<b>Risk Monitoring and Improvement</b>	<ul style="list-style-type: none"><li>– Regularly review the status of ESG risk management</li><li>– Continuously optimise relevant management measures based on risk assessment results</li></ul>

## STAKEHOLDER ENGAGEMENT

The Group places great importance on communication and interaction with its stakeholders, and seeks to understand their concerns and expectations through various channels, with a view to continuously enhancing the Group's management level in environmental, social and governance (“**ESG**”) aspects. Through effective communication mechanisms, the Group is able to promptly identify key ESG issues relevant to its business operations and take them into comprehensive consideration in its business decisions and management processes.

Based on the characteristics of its business, the Group has classified its key stakeholders into seven categories, including government and regulatory authorities, shareholders and investors, employees, customers, suppliers and partners, industry associations, and social organisations and media. The Group maintains contact with various stakeholders through diversified communication channels, keeps abreast of their concerns and expectations, and, where appropriate, incorporates relevant views into the Company's strategic planning and daily operations. Through continuous stakeholder engagement, the Group continues to improve its information disclosure and management mechanisms to enhance the transparency of its operations and its capacity for sustainable development.

## STAKEHOLDER COMMUNICATION MECHANISM OF THE GROUP

Stakeholders	Key Issues of Concern	Means of Communication
Government and Regulatory Authorities	<ul style="list-style-type: none"> <li>– Compliance operations</li> <li>– Corporate governance</li> <li>– Employment promotion and economic development</li> <li>– Support for regional development</li> </ul>	<ul style="list-style-type: none"> <li>– Operations in compliance with laws and regulations</li> <li>– Regular reporting and regulatory communication</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>– Investment returns and growth</li> <li>– Economic performance and market performance</li> <li>– Transparency of information disclosure</li> <li>– Compliance operations</li> </ul>	<ul style="list-style-type: none"> <li>– Enhancing corporate governance standards</li> <li>– Convening general meetings and performance briefings</li> <li>– Regular reports and announcements</li> <li>– Sustained growth in performance</li> </ul>
Employees	<ul style="list-style-type: none"> <li>– Employee legitimate rights and interests</li> <li>– Career development and advancement opportunities</li> <li>– Occupational health and safety</li> <li>– Remuneration and benefits</li> </ul>	<ul style="list-style-type: none"> <li>– Protecting employee legitimate rights and interests</li> <li>– Fair promotion system</li> <li>– Sound remuneration system</li> <li>– Ensuring employee occupational health and safety</li> <li>– Robust employee communication mechanism</li> </ul>
Customers	<ul style="list-style-type: none"> <li>– Product quality and safety</li> <li>– Customer service</li> <li>– Business ethics and anti-corruption</li> <li>– Information security and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>– Product safety and quality control</li> <li>– Enhancing service quality</li> <li>– Regular customer communication</li> <li>– Integrity and anti-corruption training and management</li> <li>– Information security and privacy protection management</li> </ul>
Suppliers and Partners	<ul style="list-style-type: none"> <li>– Fair and just procurement</li> <li>– Sustainable supply chain</li> <li>– Compliance operations</li> <li>– Business ethics and anti-corruption</li> <li>– Mutually beneficial cooperation</li> </ul>	<ul style="list-style-type: none"> <li>– Supplier management</li> <li>– Green procurement</li> <li>– Performance of contracts in accordance with law</li> <li>– Regular supplier communication</li> <li>– Integrity and anti-corruption training and management</li> <li>– Multi-channel cooperation</li> </ul>

## Environmental, Social and Governance Report

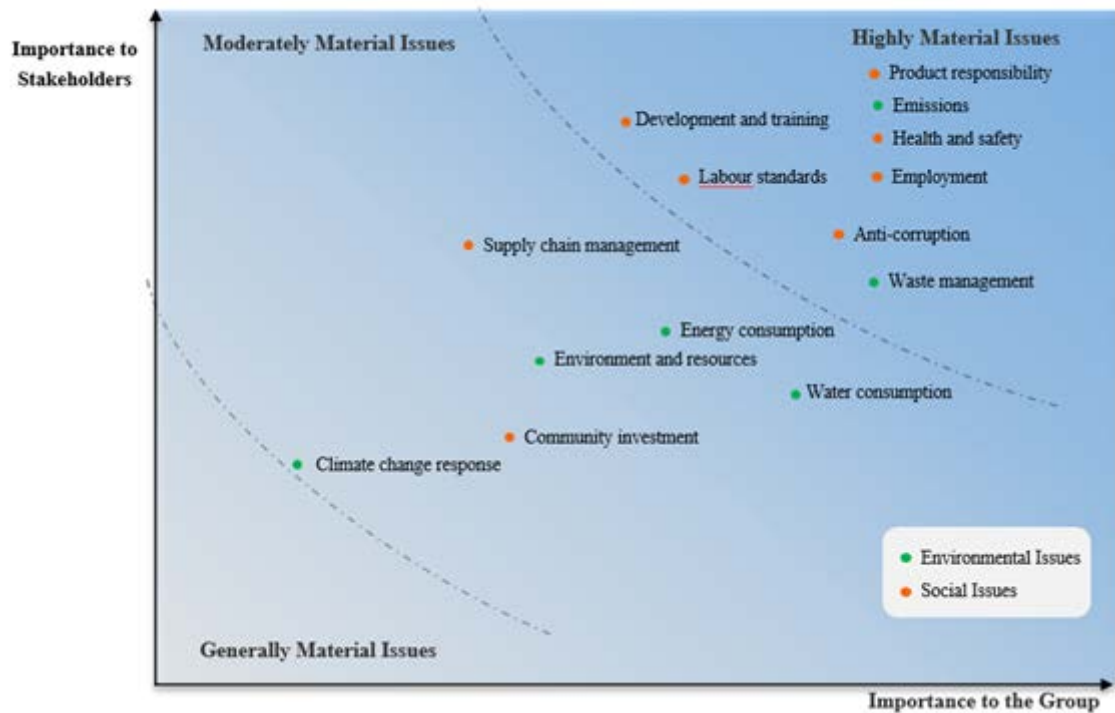
Stakeholders	Key Issues of Concern	Means of Communication
Industry Associations	<ul style="list-style-type: none"> <li>– Promotion of industry standards</li> <li>– Cooperation and communication</li> </ul>	<ul style="list-style-type: none"> <li>– Participation in industry exchange activities</li> <li>– Participation in industry standard formulation</li> </ul>
Social Organisations and Media	<ul style="list-style-type: none"> <li>– Transparency of information disclosure</li> <li>– Social welfare</li> <li>– Climate change and environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>– Public welfare and charitable activities</li> <li>– Regular information disclosure</li> <li>– Media communication and public events</li> </ul>

### MATERIALITY ASSESSMENT

In the process of identifying material ESG issues for the year, the Group conducts a materiality assessment based on the materiality principle set out in the *Environmental, Social and Governance Reporting Guide* of The Stock Exchange of Hong Kong Limited, from two dimensions: “the degree of importance to stakeholders” and “the degree of impact on the Group’s business and sustainable development”. In the assessment process, the Group takes into account its business characteristics and development strategies, and references a number of international sustainability frameworks and relevant standards, including the United Nations Sustainable Development Goals (“**SDGs**”), the ESG Reporting Guide of the Hong Kong Stock Exchange, and the Sustainability Accounting Standards Board (“**SASB**”) standards, to identify and analyse potential ESG issues.

Through steps such as external analysis, internal assessment, issue identification and issue confirmation, the Group conducts a comprehensive assessment of relevant ESG issues, and ultimately identifies the material ESG issues for the year 2025 as follows:

**The Group’s 2025 Materiality Assessment Matrix**



**ENVIRONMENT**

**Environmental Compliance**

The Group attaches great importance to environmental protection and compliance management, and strictly complies with applicable laws and regulations relating to environmental protection, including but not limited to the *Environmental Protection Law of the People’s Republic of China*, the *Law of the People’s Republic of China on the Prevention and Control of Solid Waste Pollution*, the *Law of the People’s Republic of China on the Prevention and Control of Air Pollution*, the *Law of the People’s Republic of China on the Prevention and Control of Water Pollution*, and the *Law of the People’s Republic of China on the Prevention and Control of Noise Pollution*. During its daily production and operations, the Group continuously strengthens environmental management by promoting cleaner production, optimising resource utilisation efficiency, strengthening pollution emission control and improving environmental management measures, thereby continuously reducing the potential environmental impact of its production and operation activities. At the same time, the Group has established corresponding environmental management systems and internal management mechanisms to identify and manage environmental factors during production and operations, ensuring the effective implementation of various environmental protection requirements. During the Reporting Period, the Group did not incur any material penalties or environmental accidents due to non-compliance with environmental protection laws and regulations. Looking ahead, the Group will continue to improve its environmental management mechanisms by regularly reviewing relevant management measures and strengthening environmental management capacity building, so as to continuously enhance its overall environmental management level.

## ENVIRONMENTAL PERFORMANCE OF THE GROUP IN THE PAST THREE YEARS

Indicator	Unit	2023	2024	2025
<b>Emissions</b>				
<b>Greenhouse Gas (“GHG”) Emissions</b>				
Total GHG Emissions	tCO <sub>2</sub> e	258,959.7	361,299.2	<b>439,744.0</b>
Scope 1 – Direct GHG Emissions	tCO <sub>2</sub> e	82.1	95.8	<b>119.8</b>
Scope 2 – Indirect GHG Emissions	tCO <sub>2</sub> e	1,601.1	1,526.9	<b>2,021.2</b>
Scope 3 – Other Indirect GHG Emissions	tCO <sub>2</sub> e	257,276.5	359,676.5	<b>437,603.0</b>
GHG Emission Intensity	tCO <sub>2</sub> e/tonne of products	5.7	7.5	<b>7.2</b>
<b>Air Pollutant Emissions</b>				
Metal Dust Particulate Matter	kg	42.8	44.0	<b>26.97</b>
Carbon Monoxide	kg	72.2	83.5	<b>69.1</b>
Sulphur Dioxide	kg	1.2	1.5	<b>1.5</b>
<b>Waste</b>				
Total Hazardous Waste	kg	2,353.6	1,956.9	<b>500.10</b>
Hazardous Waste Intensity	kg/tonne of products	0.052	0.040	<b>0.01</b>
Total Non-hazardous Waste	kg	1,361,733.9	1,119,732.8	<b>1,428,546.9</b>
Non-hazardous Waste Intensity	kg/tonne of products	30.0	23.1	<b>23.4</b>
<b>Resource Consumption</b>				
<b>Energy Consumption</b>				
Total Energy Consumption	MWh	2,384.2	2,297.7	<b>3,001.3</b>
– Direct Energy Consumption	MWh	119.9	135.7	<b>139.1</b>
– Indirect Energy Consumption	MWh	2,264.3	2,162.0	<b>2,862.2</b>
Energy Consumption Intensity	MWh/tonne of products	0.05	0.07	<b>0.05</b>
<b>Water Consumption</b>				
Total Water Consumption	m <sup>3</sup>	13,815.0	14,914.0	<b>13,581.0</b>
Water Consumption Intensity	m <sup>3</sup> /tonne of products	0.3	0.3	<b>0.2</b>

### Notes:

1. The sources of air pollutant emissions include the use of stationary sources and mobile sources. Emissions from stationary sources were calculated based on the *Handbook of Pollutant Generation and Discharge Coefficients for Urban Domestic Sources in the First National Pollution Source Census* and monitoring data from actual production processes; emissions from mobile sources were calculated based on the *Technical Guidelines for the Compilation of Air Pollutant Emission Lists for On-road Motor Vehicles (Trial)*.
2. GHG emission data are presented in carbon dioxide equivalent (“tCO<sub>2</sub>e”), calculated in accordance with the *Greenhouse Gas Emission Accounting and Reporting Guidelines for Power Generation Facilities (2021 Revised Edition)* issued by the Ministry of Ecology and Environment of the People’s Republic of China and the *2006 IPCC Guidelines for National Greenhouse Gas Inventories*.
3. Scope 1 GHG emissions mainly come from the consumption of natural gas and gasoline.
4. Scope 2 GHG emissions mainly come from the consumption of purchased electricity.
5. Scope 3 GHG emissions cover purchased goods and services, business travel, and transportation and distribution of products.
6. Non-hazardous electronic waste generated from the Company’s operations mainly comprises scrap steel, scrap edges and corners and rust residues generated during the production process, as well as kitchen waste, non-hazardous domestic waste, non-hazardous electronic waste and office supplies waste generated from daily operations. 100% of such waste has been recycled and disposed of with no emissions.
7. Hazardous waste generated from the Company’s operations mainly comprises waste emulsified liquid generated during the production process, as well as waste grease, waste batteries and waste fluorescent lamps generated from daily operations. Such waste has been handed over to qualified professional companies for disposal.
8. The Group’s business does not involve the use of packaging materials, therefore key performance indicator A2.5 (total amount of packaging materials used for finished products) is not applicable.
9. The data disclosed in this section covers the Shanghai headquarters, Suzhou USAS Branch and Shanghai Beilun Agricultural Subsidiary for the years 2023, 2024 and 2025.

## EMISSIONS

The Group focuses on emission management during production and operations, and continuously reduces the environmental impact of emissions by optimising production management, promoting cleaner production and improving resource utilisation efficiency. To strengthen emission management, the Group has established corresponding environmental management mechanisms, and continuously enhances its emission management level by carrying out emission monitoring, improving pollution control measures and continuously optimising production processes. During the Reporting Period, the Group’s main emissions include air pollutants, GHG and waste.

## AIR POLLUTANTS

The Group strictly complies with laws and regulations relating to air pollutant emissions, including but not limited to the *Environmental Protection Law of the People’s Republic of China* and the *Law of the People’s Republic of China on the Prevention and Control of Air Pollution*, and continuously strengthens the management of waste gas emissions during production and operations. During production and operations, the Group monitors and manages air pollutant emissions by optimising production processes, strengthening equipment operation management and improving emission control measures, in order to reduce the environmental impact of air emissions. The Group focuses on air pollutants including cooking fume, metal dust particulate matter, non-methane total hydrocarbons, carbon monoxide, nitrogen oxides and sulphur dioxide.

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To continuously improve its environmental management level, the Group has established emission control targets. Using 2025 as the base year, the Group plans to gradually reduce its comprehensive waste gas emission intensity per unit of product from 2026 to 2027, with a target of an approximate 2% reduction per annum. During the Reporting Period, the Group did not incur any material penalties due to non-compliance with laws and regulations relating to air pollutant emissions.

### GREENHOUSE GAS EMISSIONS

The Group identifies and manages GHG emissions with reference to internationally recognised GHG accounting methodologies, and classifies and reports such emissions according to Scope 1, Scope 2 and Scope 3. During the Reporting Period, Scope 1 emissions mainly came from direct emissions from vehicle fuel combustion; Scope 2 emissions mainly came from indirect emissions from purchased electricity used in production facilities and office premises; and Scope 3 emissions mainly related to indirect emissions associated with raw material procurement and transportation, product transportation and distribution, employee business travel, and waste disposal. The Group continuously improves its emission data collection and accounting mechanisms based on data availability, and gradually enhances its GHG emission management level.

During the Reporting Period, the Group's total GHG emissions were 439,744.0 tCO<sub>2</sub>e, of which Scope 1 emissions were 119.8 tCO<sub>2</sub>e, Scope 2 emissions were 2,021.2 tCO<sub>2</sub>e, and Scope 3 emissions were 437,603.0 tCO<sub>2</sub>e. The GHG emission intensity during the Reporting Period was 7.2 tCO<sub>2</sub>e per tonne of products.

To promote low-carbon operations, the Group has established GHG emission reduction targets. Using 2025 as the base year, the Group plans to gradually reduce its GHG emission intensity from 2026 to 2027, with a target of an approximate 5% reduction per annum. The Group will continue to advance GHG emission reduction efforts by improving energy efficiency, optimising production and operation management, and raising employee awareness of energy conservation and emission reduction.

### WASTE MANAGEMENT

The Group attaches great importance to the management of waste generated during production and operations, and strictly complies with relevant laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*. It identifies, classifies and properly disposes of various types of waste generated from its production and operation activities to reduce potential environmental impact.

Based on the characteristics of its business, the Group's waste mainly comprises hazardous waste and non-hazardous waste. Hazardous waste mainly comes from waste oil, waste lubricants, waste emulsified liquid and other industrial waste containing hazardous components generated during production manufacturing and equipment operation and maintenance. Non-hazardous waste mainly comprises metal scrap, dust and other general industrial solid waste generated during production and processing, as well as domestic waste and kitchen waste generated from daily office activities and employee canteens.

To strengthen waste management, the Group has established a management mechanism covering the entire process of waste generation, classified collection, temporary storage and disposal. For hazardous waste, the Company carries out specialised classification, standardised labelling and centralised temporary storage in accordance with internal management requirements, and engages qualified third-party organisations for professional disposal to ensure that the disposal process complies with relevant environmental protection regulations. For non-hazardous waste, the Company improves resource utilisation efficiency through classified recycling and resource utilisation. For example, recyclable materials such as metal scrap are recycled, while domestic waste and kitchen waste are handed over to qualified professional organisations for unified collection and disposal.

At the same time, the Group continuously reduces waste generation at source by optimising production processes, strengthening equipment maintenance management and enhancing employee awareness of environmental protection, and continuously improves its waste classification management and resource utilisation levels. To further enhance the effectiveness of waste management, the Group has established a management target of 100% compliant disposal of solid waste, ensuring that all types of solid waste generated during production and operations are properly handled in accordance with relevant laws and regulations. Looking ahead, the Group will continue to improve its waste management system, strengthen whole-process supervision and compliance management, and promote waste reduction, resource utilisation and harmless disposal, thereby further reducing the environmental impact of its production and operation activities.

### RESOURCE CONSUMPTION

Adhering to the concept of green development, the Group incorporates resource efficiency enhancement as a key direction in its operational management, and continuously promotes energy conservation, consumption reduction and resource optimisation in its manufacturing and daily operations. Taking into account the characteristics of the steel structure manufacturing industry, the Group focuses on the rational use of energy, raw materials and other production resources, and reduces resource consumption and the environmental impact of its production activities by optimising production processes, strengthening equipment management and improving operational efficiency. In terms of resource management, the Group has established corresponding management mechanisms to continuously monitor and manage the use of energy and resources in its production and operations, and continuously improves resource utilisation efficiency by promoting the application of green production technologies and strengthening environmental management measures. To further strengthen environmental management and resource efficiency enhancement, the Group has established relevant resource and environmental management targets using 2025 as the base year, and continues to promote energy conservation, emission reduction and resource optimisation measures to support the long-term sustainable development of the enterprise.

### ENERGY EFFICIENCY

The Group places great emphasis on energy efficiency management, and continuously promotes energy conservation and consumption reduction measures in its manufacturing and daily operations to reduce energy consumption and the environmental impact of its production activities. The Group's energy consumption mainly comes from the operation of production equipment, electricity consumption in plants and office areas, and fuel used for transportation and operational vehicles.

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To enhance energy management, the Group continuously optimises production equipment operations and energy management measures, reducing energy waste by strengthening equipment maintenance, optimising production processes and improving equipment operating efficiency. At the same time, the Company promotes energy-saving equipment and lighting systems in its plants and office areas, and strengthens the management of air conditioning, lighting and production operations by reasonably controlling equipment operating hours and energy usage to reduce unnecessary energy consumption. In addition, the Group has established energy usage monitoring and management mechanisms to continuously track energy usage, enabling timely identification and improvement of energy management performance.

To further enhance energy management, the Group has established energy efficiency targets, aiming to control comprehensive energy consumption per unit of product at no higher than 0.04 (MWh/tonne of product) by 2027. Looking ahead, the Group will continue to improve energy utilisation efficiency through technological optimisation, equipment upgrades and management enhancements, thereby promoting the Group's transition towards a greener and lower-carbon operating model.

### WATER EFFICIENCY

The Group attaches importance to the rational use of water resources, and continuously strengthens water management in its manufacturing and daily operations to improve water efficiency and reduce unnecessary waste. The Group's water consumption mainly comes from the municipal water supply system, and is primarily used for equipment operation and cleaning and maintenance during production, as well as daily water use in office areas.

In terms of water management, the Group improves water utilisation efficiency by optimising production processes and strengthening daily management measures. For example, the Company reduces water waste caused by equipment malfunctions or pipeline issues by strengthening daily inspections and maintenance of production equipment and water supply facilities. At the same time, the Company strengthens water conservation management in office and production areas, encouraging employees to develop good water-saving habits in their daily work to reduce overall water consumption.

In addition, the Group continuously monitors water usage and evaluates its water consumption through internal management mechanisms to promptly identify and address potential water efficiency issues. During the Reporting Period, the Group did not encounter any significant issues in sourcing suitable water.

Looking ahead, the Group will continue to improve its water management measures, and using 2025 as the base year, aims to reduce water consumption by approximately 3% annually from 2026 to 2027, so as to further enhance water efficiency and reduce the environmental impact of its operations.

### ENVIRONMENT AND NATURAL RESOURCES

The Group attaches importance to the impact of its production and operation activities on the environment and natural resources, and continues to promote the concept of green development in its business operations, integrating environmental protection requirements into its production and operational management. As a steel structure construction enterprise, the Group's business primarily involves steel structure processing and steel structure product manufacturing. The impact of its production activities on the environment and natural resources is mainly reflected in energy and resource consumption, production process emissions and solid waste generation.

Taking into account the characteristics of the industry, the Group continuously promotes green production and efficient resource utilisation, reducing the impact of its production activities on the environment and natural resources by optimising production processes, promoting energy-efficient structural technologies and improving equipment operating efficiency. At the same time, steel structure materials have good recyclability. The Group focuses on improving material utilisation efficiency in product design and production, and actively promotes resource recycling to reduce resource consumption and waste generation.

In addition, the Group continuously implements green management concepts in procurement, production and project implementation, encouraging supply chain partners to jointly enhance environmental management standards. Through optimising production and operational management measures, the Group continuously reduces the potential environmental impact of its production and operation activities. Looking ahead, the Group will continue to improve its environmental management measures in light of industry trends and its own business characteristics, strengthen the identification and management of environmental impacts from its production and operation activities, and promote the sustainable use of the environment and natural resources while advancing business development.

### CLIMATE CHANGE

The Group pays attention to the potential impact of climate change on the global ecological environment and the business operations of the enterprise, and has incorporated climate-related risk management into its corporate sustainability management system. As a steel structure construction enterprise, the Group recognises that climate change may have potential impacts on its production operations, supply chain stability and project implementation through various pathways, including extreme weather events, changes in policies and regulations, and changes in the market environment. Therefore, the Group continuously monitors climate change-related policies and industry trends, and strengthens relevant risk identification and management based on its own business characteristics.

In terms of climate governance, the Group refers to the recommended framework of the Task Force on Climate-related Financial Disclosures (“**TCFD**”) to systematically identify and assess climate-related risks, and analyses their potential impact on the enterprise’s operations from the two dimensions of physical risks and transition risks. At the same time, the Group continuously enhances its ability to address climate-related risks by optimising production processes, improving energy utilisation efficiency and strengthening green supply chain management.

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The Group has identified the following major climate-related risks and corresponding response measures:

Risk Category	Major Climate-related Issues	Potential Impact	Response Measures
<b>Physical Risk</b>	Extreme weather events (e.g., typhoons, heavy rainfall, floods) leading to product damage, project delays and logistics disruptions	Project interruptions, increased operating costs	<ul style="list-style-type: none"> <li>– Strengthen project resilience and improve emergency management capabilities</li> <li>– Enhance flexibility of logistics and supply chain to mitigate climate risks</li> </ul>
<b>Transition Risk</b>	Carbon reduction policies and energy structure adjustments increase corporate compliance costs	Increased environmental protection expenditure, higher production costs	<ul style="list-style-type: none"> <li>– Promote energy-saving technology upgrades to reduce carbon emission intensity</li> <li>– Gradually use clean energy to reduce reliance on fossil fuels</li> </ul>
<b>Market and Reputational Risk</b>	Increasing attention from customers and the market on the environmental performance of products and supply chains	Decline in market competitiveness, risk of customer attrition	<ul style="list-style-type: none"> <li>– Optimise steel structure design to reduce steel usage per unit area, thereby lowering production emissions</li> <li>– Select environmentally friendly suppliers and build a green supply chain</li> </ul>

At the same time, from the perspective of potential opportunities brought by climate change, the Group has identified the following major opportunities:

Opportunity	Summary of Opportunity	Potential Impact	Response Measures
<b>Growing Demand for Green Buildings</b>	With the promotion of green building and low-carbon building concepts, the market demand for energy-efficient and environmentally friendly building structures continues to grow. Steel structure buildings, which offer high construction efficiency, high material utilisation rates and recyclability, are increasingly being used in industrial plants, public buildings and commercial buildings	Expansion of the green building market, bringing more project opportunities and enhancing market competitiveness	<ul style="list-style-type: none"> <li>– Promote energy-saving steel structure design solutions</li> <li>– Improve material utilisation efficiency, reduce unit building material consumption</li> <li>– Actively participate in green building projects</li> </ul>

Opportunity	Summary of Opportunity	Potential Impact	Response Measures
<b>Advantages of Steel Structure Material Recycling</b>	Steel structure materials have good recyclability. Against the backdrop of a circular economy and resource-saving society, the advantages of steel structure buildings in resource utilisation and environmental protection are becoming increasingly prominent	Improved resource utilisation efficiency, reduced material costs and environmental impact, and enhanced competitive advantage in the green building market	<ul style="list-style-type: none"> <li>– Improve steel utilisation rate and reduce material waste</li> <li>– Promote recycling of scrap steel and offcuts</li> <li>– Strengthen material optimisation management in design and production processes</li> </ul>
<b>Development of Low-carbon Construction Technologies</b>	With the continuous development of energy-saving building technologies and low-carbon construction models, the application scenarios of steel structure buildings in energy conservation, emission reduction, prefabricated construction and green buildings are expanding	Increased demand for energy-efficient buildings and prefabricated buildings, bringing new business growth opportunities	<ul style="list-style-type: none"> <li>– Promote application of energy-saving steel structure technologies</li> <li>– Optimise steel structure design to improve building energy efficiency</li> <li>– Strengthen cooperation with enterprises in the green building industry chain</li> </ul>

Looking ahead, the Group will continue to monitor the potential impact of climate change on its business operations and value chain, and will integrate climate-related risks and opportunities into its long-term strategic planning and management decisions. The Group will gradually reduce carbon emissions generated during production and operations by continuously improving energy utilisation efficiency, optimising equipment energy efficiency, strengthening green supply chain management and enhancing operational resilience.

At the same time, the Group will continue to improve its climate-related information disclosure and management mechanisms in response to changes in regulatory policies and market conditions, and will continuously enhance its ability to identify and respond to climate-related risks. Looking ahead, the Group will further integrate climate factors into its operational decision-making and risk management systems, actively enhancing the enterprise's long-term sustainability while promoting steady business development.

### GREEN OPERATIONS

Adhering to the concept of green development, the Group integrates environmental protection requirements into its production, operation and management systems, and continuously promotes the establishment of a green operation model. In its daily operations, the Group continuously reduces the environmental impact of its production activities by optimising production processes, improving equipment operating efficiency and strengthening energy and resource management, and promotes the development of its operations towards a greener and lower-carbon direction. At the same time, the Group actively responds to national policy directions on energy conservation, emission reduction and green development, and continuously promotes management measures such as energy conservation, consumption reduction, efficient resource utilisation and pollution emission control in its production and operations. By promoting green production and strengthening environmental management, the Group continuously improves its environmental governance level and reduces the impact of its operating activities on the ecological environment. Looking ahead, the Group will continue to combine industry trends with its own business characteristics, continuously promote the application of green technologies and management optimisation, further improve its environmental management system, and promote the synergistic achievement of environmental protection and sustainable development goals while achieving steady development.

### SOCIAL

#### Employment and Labour Practices, Workforce Diversity Policy

The Group adheres to the principle of strict compliance with laws and regulations in employee recruitment and employment, and follows the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Employment Promotion Law of the People's Republic of China* and other relevant laws and regulations as well as local labour regulations applicable in various regions, to ensure that the recruitment and employment processes are legal and compliant.

The Group formulates annual recruitment plans based on business development needs, and the Human Resources Department is responsible for organising and implementing the recruitment work in a coordinated manner. The Group attracts talents through various channels such as online recruitment platforms, professional headhunting agencies, internal employee referrals and job transfers, continuously introducing professional talents and new forces for the development of the enterprise. During the recruitment process, the Group adheres to the principle of "fairness, impartiality and openness", providing equal competitive opportunities for all applicants and selecting the best candidates based on job requirements, so as to achieve the optimal use of talents.

In the process of attracting and recruiting outstanding talents, the Group's workforce diversity policy firmly opposes any form of employment discrimination. The Group adheres to the principle of equality and non-discrimination in all aspects of the employee lifecycle, including recruitment, training, promotion and resignation, and does not treat employees differently based on factors such as gender, nationality, age, race, ethnicity, religious belief, disability, sexual orientation or family status. During the Reporting Period, the Group did not experience any form of discrimination, and will continue to strive to build a diverse, equal and inclusive working environment to stimulate employee creativity and promote teamwork.

In addition, the Group strictly complies with the national regulations on minimum working age and labour employment management. During the recruitment process, the Group ensures that all employees have reached the legal working age through identity verification and other means, and firmly prohibits any form of child labour or forced labour.

For the year ended December 31, 2025, the total remuneration costs, including directors' remuneration, were RMB135.0 million (December 31, 2024: RMB117.2 million). The Group remunerates its employees by reference to the market levels, individual performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to the employees' needs.

As at December 31, 2025, the Group did not have any confirmed violations of laws and regulations or related litigation in respect of employment and labour practices. As at December 31, 2025, the Group had a total of 686 full-time employees, including 552 male employees and 134 female employees; the employee turnover rate was 9.5%. The breakdown of the Group's employees by gender, age group, employee category and region is set out in the tables below.

### EMPLOYEE COMPOSITION OF THE GROUP

Indicator		Unit	2023	2024	2025
<b>Total Number of Employees (Full-time)</b>		Persons	559	635	<b>686</b>
By Gender	Male	Persons	430	497	<b>552</b>
	Female	Persons	129	138	<b>134</b>
By Region	Head Office	Persons	231	235	<b>251</b>
	Other Branch Offices	Persons	328	400	<b>435</b>
By Employee Category	Full-time Employees	Persons	559	635	<b>686</b>
	Part-time Employees	Persons	0	0	<b>0</b>
By Age Group	Aged 50 and above	Persons	117	133	<b>165</b>
	Aged 40 to 49	Persons	172	179	<b>202</b>
	Aged 30 to 39	Persons	173	193	<b>219</b>
	Under 30	Persons	97	130	<b>100</b>

### EMPLOYEE TURNOVER RATE THE GROUP

Indicator		Unit	2023	2024	2025
<b>Employee Turnover Rate</b>		%	9.7%	9.0%	<b>9.5%</b>
By Gender	Male Turnover Rate	%	11.5%	10.7%	<b>10.8%</b>
	Female Turnover Rate	%	3.5%	2.7%	<b>4.4%</b>
By Age Group	Aged 50 and above Turnover Rate	%	0.9%	1.8%	<b>1.8%</b>
	Aged 40 to 49 Turnover Rate	%	2.2%	2.5%	<b>3.2%</b>
	Aged 30 to 39 Turnover Rate	%	6.8%	3.5%	<b>6.0%</b>
	Under 30 Turnover Rate	%	4.4%	5.5%	<b>4.2%</b>
By Region	Head Office Turnover Rate	%	6.39%	7.2%	<b>6.9%</b>
	Other Branch Offices Turnover Rate	%	8.58%	4.4%	<b>8.3%</b>

### HEALTH AND SAFETY

The Group attaches great importance to the health and safety of its employees, and strictly complies with relevant laws and regulations such as the *Labour Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and the *Regulations on Work-related Injury Insurance*, and is committed to providing a safe and healthy working environment for employees, ensuring that they can work in good physical and mental condition.

In terms of working environment, the Group continuously optimises the working environment in office areas and production workshops, creating a clean, comfortable and safe workplace for employees by strengthening environmental management and facility maintenance. In terms of safety management, the Group has established and implemented a safety production responsibility system, clarified the safety responsibilities of management personnel and employees at all levels, and strengthened safety risk management during production and operations by formulating systematic safety management systems and operating procedures. At the same time, the Group strictly follows national and local safety production management requirements, regularly conducts safety publicity and training activities to enhance employees' safety awareness and emergency response capabilities.

In terms of employee health protection, the Group cares for the physical and mental health of its employees, providing pre-employment medical examinations for new employees and arranging annual health check-ups for existing employees to continuously monitor their physical condition. In addition, the Group organises health knowledge lectures and related publicity activities from time to time to help employees enhance their health management awareness and develop good living habits. By continuously improving health and safety management measures, the Group continuously deepens the construction of a corporate safety culture, and is committed to providing comprehensive health and safety protection for its employees, laying the foundation for the long-term stable development of the enterprise. As at December 31, 2025, the Group did not record any work-related injuries or fatalities, and the number of workdays lost due to work-related injuries was 0 days.

### DEVELOPMENT AND TRAINING

The Group has always regarded its employees as an important resource for the development of the enterprise, and is committed to providing comprehensive career development support and training opportunities to continuously enhance employees' professional capabilities and competencies. Based on the Group's strategic development goals and employees' career development needs, the Group formulates systematic and targeted annual training plans, supporting employee growth through a multi-level, multi-form training system, and helping employees continuously improve their capabilities during different career stages and job changes. The training programmes carried out by the Group mainly include the following:

- Internship Training: Specialised training programmes designed for interns entering the workplace, helping them quickly integrate into the corporate culture, master basic vocational skills and lay the foundation for future career development.
- Professional Technical Salons and Seminars: Regular technical salons and seminars are held by inviting internal experts or external industry authorities to promote the updating and expansion of employees' professional knowledge.

- **New Employee Orientation Training:** Job-related training is provided for newly hired employees to help them quickly familiarise themselves with the working environment, job responsibilities and business processes.
- **Job Change Training:** Specialised training is provided for employees undergoing job adjustments due to job transfers or promotions to ensure that they can successfully perform their new job duties.
- **Specialised Training:** Third-party training institutions and suppliers are engaged to provide professional courses covering cutting-edge industry knowledge and skills, broadening employees' professional horizons and enhancing their practical capabilities.
- **Safety Production and Responsibility Authority Training:** Strengthening employees' knowledge and awareness of safety production, and promoting the construction of a corporate safety culture through relevant course training.

Through its multi-level, multi-form training system, the Group provides employees with opportunities for continuous learning and growth, creating a platform that supports the comprehensive development of employees. The Group believes that only by continuously enhancing the capabilities of its employees can the enterprise maintain its competitiveness in the fierce market competition and achieve its long-term development goals. As at December 31, 2025, the number of employees trained was 667 person-times, and the average training hours per employee were 3 hours. The proportion of trained employees and average training hours by gender and employee category are set out in the table below.

### EMPLOYEE TRAINING PERFORMANCE OF THE GROUP

Indicator	Unit	2023	2024	2025
<b>Employee Training Coverage Rate</b>	%	97%	98%	<b>98%</b>
By Gender				
Male	%	97%	98%	<b>97%</b>
Female	%	97%	98%	<b>98%</b>
By Employee Category				
General Employees	%	95%	98%	<b>98%</b>
Middle Management	%	98%	99%	<b>99%</b>
Senior Management	%	87%	92%	<b>91%</b>
<b>Average Training Hours per Employee</b>	Hours	3	4	<b>3</b>
By Gender				
Male	Hours	3	4	<b>3</b>
Female	Hours	3	4	<b>3</b>
By Employee Category				
General Employees	Hours	3	4	<b>3</b>
Middle Management	Hours	3	4	<b>3</b>
Senior Management	Hours	3	4	<b>3</b>

### SUPPLY CHAIN MANAGEMENT

The Group regards supply chain management as an important component of its sustainable development, and continuously promotes the implementation of environmental and social responsibility in the supply chain by optimising procurement strategies, strengthening supplier management and improving risk prevention and control mechanisms, striving to build an efficient, stable and sustainable supply chain system.

In terms of procurement management, the Group flexibly adopts various procurement models, including periodic procurement, quantitative procurement, electronic platform competitive bidding and centralised procurement, based on the annual production and operation plan and raw material requirements, to enhance procurement efficiency and increase supply chain flexibility. The Group mainly procures raw materials from direct sales companies of steel manufacturers and authorised distributors, and prioritises suppliers with good reputation and stable supply to ensure continuity of production operations and stability of raw material supply. At the same time, the Group regularly evaluates the implementation effectiveness of procurement strategies and optimises procurement models based on market changes and production needs to enhance the responsiveness of the supply chain and cost management efficiency.

In terms of supplier selection and evaluation, the Group has established a systematic supplier management mechanism and conducts strict screening and regular evaluation of suppliers. Supplier evaluation criteria cover various aspects such as product qualification certifications (e.g., ISO9001), market performance, brand reputation, research and development capabilities, product quality and price competitiveness. The Group conducts supplier reviews through written assessments and on-site inspections, and has established a supplier scoring mechanism. For suppliers that fail to meet the requirements, the Company will require them to make improvements within a specified period; if they still fail to meet the standards after rectification, cooperation will be terminated and they will be removed from the list of qualified suppliers to ensure the quality and stability of the supply chain.

In terms of environmental and social risk management, the Group continuously monitors environmental and social risks in the supply chain and has established corresponding risk identification and monitoring mechanisms to assess and manage the environmental and social performance of suppliers. For suppliers identified as high-risk, the Group will strengthen communication and supervision, and assist them in improving their performance in environmental protection, labour safety and social responsibility by providing training or technical support. At the same time, the Group also communicates the concept of sustainable development to suppliers through publicity and training activities, encouraging them to adopt more environmentally friendly and responsible business practices.

In addition, the Group enters into annual framework agreements with suppliers, specifying the rights and obligations of both parties, pricing mechanisms, procurement volumes and performance requirements, to enhance cooperation transparency and promote long-term stable cooperative relationships. Looking ahead, the Group will continue to improve its supply chain management system, strengthen cooperation with suppliers in the field of sustainable development, and continuously enhance its supply chain management level, so as to promote the coordinated development of environmental, social and economic benefits throughout the upstream and downstream of the industry chain. During the Reporting Period, the number of major suppliers and their distribution by region are set out in the table below.

## SUPPLIER PERFORMANCE OF THE GROUP

Indicator	Unit	2023	2024	2025
Number of Suppliers	Number	328	369	<b>428</b>
– Suppliers in Eastern Region	Number	242	263	<b>311</b>
– Suppliers in Central Region	Number	65	77	<b>75</b>
– Suppliers in Western Region	Number	16	20	<b>23</b>
– Suppliers in Northeastern Region	Number	5	9	<b>9</b>

## PRODUCT QUALITY AND RESPONSIBILITY

The Group attaches great importance to product quality and responsibility, and manages product quality throughout the entire process by establishing a sound quality management system. The Group has established a quality management system in compliance with the requirements of the ISO9001 quality management system, and has formulated internal management systems such as the *Raw Material Management Procedure*, *Steel Structure Production Management Control Procedure*, *Steel Structure Manufacturing Process Inspection Management Procedure* and *Final Inspection Management Procedure*, implementing strict quality control over raw material procurement, manufacturing and product inspection.

In terms of raw material management, the Group implements strict management over raw material suppliers, and the quality inspection department carries out quality inspection and warehousing management of raw materials. All raw materials are required to undergo necessary quality inspection procedures before being stored; only those that pass the inspection can be used in production. Raw materials that do not meet quality requirements will be returned or replaced to ensure that the quality of raw materials used in the production process complies with relevant standards.

In terms of production process management, the Group carries out production operations in strict accordance with relevant technical specifications, and the production department formulates detailed operating instructions and quality control requirements. During the production process, multiple quality inspection mechanisms are implemented, including self-inspection, random inspection and mutual inspection. Once non-conforming products are identified, they are promptly reworked or disposed of to ensure that product quality complies with relevant standards and customer requirements.

In terms of project implementation and quality supervision, the Group's engineering department and project managers are responsible for supervising and managing construction quality, and strengthen quality control through regular inspections and on-site management. Project leaders are required to fully understand the relevant technical requirements and key quality control points before construction, and continuously monitor project quality during the construction process to ensure that project quality meets the relevant standards.

As at December 31, 2025, the Group recorded 0 complaints about its products and services, and there were no instances of project quality issues due to quality problems with steel or other raw materials, nor any product recalls for safety or health reasons.

### INTELLECTUAL PROPERTY PROTECTION

The Group attaches great importance to intellectual property protection and strictly complies with relevant laws and regulations such as the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Technology Contract Law of the People's Republic of China* and the *Copyright Law of the People's Republic of China*. By establishing a sound intellectual property management system, the Group manages trademarks, patents, technological achievements and related intellectual property in a standardised manner to ensure the legality and compliance of the Company's research and development outcomes and market activities.

In terms of intellectual property management, the Group has established a dedicated intellectual property management mechanism responsible for the application, authorisation and maintenance of patents, trademarks and technological achievements. At the same time, the Group continuously strengthens the protection of intellectual property and risk prevention and control by optimising systems and processes, and enhances employees' awareness of intellectual property protection through training and publicity activities.

As at December 31, 2025, the Group did not experience any intellectual property-related infringement or dispute incidents.

### PRIVACY AND INFORMATION SECURITY

The Group attaches great importance to privacy protection and information security management, and is committed to protecting the information security of customers, employees, suppliers and other stakeholders. By establishing information security management systems, strengthening technical protection measures and conducting employee training, the Group continuously improves its information security management system to ensure that information data is effectively protected.

In terms of information security management, the Group has established and continuously improves its information security management system in compliance with relevant laws, regulations and industry requirements, standardising the collection, storage, transmission and processing of information, and regularly updates relevant management systems in light of technological developments and operational needs.

In terms of technical protection, the Group strengthens the security protection capabilities of its information systems by deploying network security protection systems, intrusion detection systems and data backup and recovery mechanisms. At the same time, the Group implements strict access control management for its core business systems to ensure that information is only accessed by authorised personnel.

In terms of customer privacy protection, the Group strictly complies with relevant regulations on customer information protection, and does not disclose customer information to third parties without customer authorisation. The Group also strengthens information protection by entering into confidentiality agreements with partners.

In addition, the Group has established an emergency response mechanism for information security incidents. In the event of a potential information security incident, the Group will promptly activate the emergency response process and take appropriate measures to mitigate the potential impact of the incident. At the same time, the Group regularly engages third-party professional organisations to conduct security assessments of its information systems to ensure their safe and stable operation. As at December 31, 2025, the Group did not experience any material information security or data leakage incidents.

### ANTI-CORRUPTION AND INTEGRITY MANAGEMENT

The Group adheres to the principles of integrity management and self-discipline, and strictly complies with applicable laws and regulations relating to anti-corruption and anti-money laundering, including but not limited to the *Criminal Law of the People's Republic of China*, the *Company Law of the People's Republic of China* and the *Anti-Money Laundering Law of the People's Republic of China*. By establishing a sound internal management system and risk prevention and control mechanism, the Group prevents bribery, fraud, corruption and other improper business practices, and is committed to creating a fair, just and transparent operating environment.

In terms of system establishment, the Group has clearly stipulated in its *Articles of Association*, *Rules of Procedure for Board Meetings* and relevant internal management systems the integrity principles that employees should abide by in the course of business dealings. Employees are prohibited from accepting or soliciting commissions, cash, gifts, gift coupons or other improper benefits from business counterparts, and are discouraged from participating in banquets, tours or other activities that may affect the impartiality of their duties.

At the same time, the Group has established a whistleblowing and investigation mechanism. Employees and relevant parties can report potential violations through whistleblowing hotlines, emails or correspondence. Upon receipt of a report, the Group will promptly initiate an investigation and take appropriate measures based on the investigation results. If illegal conduct is found, the Group will report it to the relevant authorities in accordance with the law. As at December 31, 2025, the Group did not experience any incidents of non-compliance with anti-corruption laws and regulations.

To further enhance employees' compliance awareness and risk prevention capabilities, the Group regularly organises anti-corruption and business ethics training. Looking ahead, the Group will continue to improve its integrity management and anti-corruption mechanisms, strengthen employee training and supervision, and further enhance its corporate compliance management level.

## APPENDIX 1: HONG KONG STOCK EXCHANGE ESG REPORTING GUIDE CONTENT INDEX

Aspect	Description	Section
<b>A. Environment</b>		
<b>A1 Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Compliance
KPI A1.1	The types of emissions and the respective emissions data.	Emissions/Air Pollutants
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production, per facility).	Greenhouse Gas Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production, per facility).	Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production, per facility).	Waste Management
KPI A1.5	Description of the emissions targets set and the steps taken to achieve them.	Greenhouse Gas Emissions/Energy Efficiency
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, a description of the waste reduction targets set and the steps taken to achieve them.	Waste Management
<b>A2 Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Resource Consumption
KPI A2.1	Direct and/or indirect energy consumption (e.g., electricity, gas or oil) by type (in thousand kilowatt-hours) and intensity (e.g., per unit of production, per facility).	Energy Efficiency
KPI A2.2	Total water consumption and intensity (e.g., per unit of production, per facility).	Water Efficiency
KPI A2.3	Description of the energy use efficiency targets set and the steps taken to achieve them.	Energy Efficiency
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, the water efficiency targets set and the steps taken to achieve them.	Water Efficiency
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, where applicable, per unit produced.	Not applicable



Aspect	Description	Section
<b>A3 Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment and Natural Resources
KPI A3.1	Description of the significant impacts of the issuer's activities on the environment and natural resources and the actions taken to manage them.	Environment and Natural Resources
<b>A4 Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues that have impacted, and may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues that have impacted, and may impact, the issuer, and the actions taken to manage them.	Climate Change
<b>B. Social</b>		
<b>B1 Employment</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment and Labour Practices
KPI B1.1	Total workforce by gender, employment type (e.g., full-time, part-time), age group and geographical region.	Employment and Labour Practices
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and Labour Practices
<b>B2 Health and Safety</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work-related injuries.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety

## Environmental, Social and Governance Report

Aspect	Description	Section
<b>B3 Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
<b>B4 Labour Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment and Labour Practices
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and Labour Practices
KPI B4.2	Description of steps taken to eliminate such practices upon discovery.	Employment and Labour Practices
<b>B5 Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, the number of suppliers to which such practices are implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices relating to identifying environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices relating to promoting the use of environmentally friendly products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
<b>B6 Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product and Service Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Quality and Responsibility
KPI B6.2	Number of complaints received regarding products and services and the handling methods.	Product Quality and Responsibility



Aspect	Description	Section
KPI B6.3	Description of practices relating to maintaining and protecting intellectual property rights.	Intellectual Property Protection
KPI B6.4	Description of the quality assurance process and product recall procedures.	Product Quality and Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Privacy and Information Security
<b>B7 Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption and Integrity Management
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of such cases.	Anti-corruption and Integrity Management
KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Anti-corruption and Integrity Management
KPI B7.3	Description of anti-corruption training provided to directors and employees.	Anti-corruption and Integrity Management
<b>B8 Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure that its business activities take into account the interests of the communities.	Community Investment
KPI B8.1	Focus areas of contribution (e.g., education, environmental issues, labour needs, health, culture, sports).	Community Investment
KPI B8.2	Resources contributed (e.g., money or time) to the focus areas.	Community Investment

# Independent Auditor's Report



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## TO THE SHAREHOLDERS OF USAS BUILDING SYSTEM (SHANGHAI) CO., LTD

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

### OPINION

We have audited the consolidated financial statements of USAS Building System (Shanghai) Co., Ltd. ("**Company**") and its subsidiaries (together "**Group**") set out on pages 83 to 172, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

### BASIS FOR OPINION

We conducted our audit in accordance with the 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" ("**Code**"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Recognition of revenue from construction contracts
- Expected credit losses on trade receivables and contract asset

## RECOGNITION OF REVENUE FROM CONSTRUCTION CONTRACTS

*(Refer to Notes 5A(a) and 6 to the consolidated financial statements)*

For the year ended December 31, 2025, the Group recognised revenue from construction contracts relating to PS building subcontracting services and general contracting services, which totalled RMB2,200,681,000.

Contract revenue is recognised over time by measuring the progress towards complete satisfaction of the performance obligation on the basis of contract costs incurred to date relative to estimated total contract cost. We identified the recognition of revenue from construction contracts as a key audit matter as the estimation of contract costs require the use of significant management judgement and it is quantitatively significant to the consolidated financial statements as a whole.

### Our Response

Our key procedures in relation to recognition of revenue from construction contracts:

- Understanding the procedures and relevant key controls of the Group in preparing and updating budgets for construction works and recording contract costs;
- Checking the calculations in respect of the stage of completion and the amounts of contract revenue recognised, based on actual costs incurred to date and estimated total contract costs by sample;
- Testing contract costs incurred to date and estimated total costs to complete to underlying supporting evidence, and assessing the reasonableness of the budgeted costs, on a sample basis; and
- Testing material variation orders and claims to underlying supporting documentation, on a sample basis.

## EXPECTED CREDIT LOSSES ON TRADE RECEIVABLES AND CONTRACT ASSETS

*(Refer to Notes 5B(c), 23 and 25 to the consolidated financial statements)*

As at December 31, 2025, the Group had gross trade receivables and contract assets of approximately RMB373,328,000 and RMB774,686,000, respectively and provision of impairment of approximately RMB49,088,000 and RMB34,048,000, respectively.

The impairment assessment of trade receivables and contract assets are estimated based on an expected credit loss (“**ECL**”) model as required under HKFRS 9 Financial Instruments. Loss allowance for trade receivables and contract assets are measured at lifetime ECL which result from all possible default events over the expected life of the trade receivables and contract assets. Impairment assessment of these amounts is a subjective area as management requires application of judgement. Judgement is applied in considering the credit profile of these amounts, including default or delay in payments, historical settlement records and ageing analysis. The management also considered forward-looking factors specific to the debtors and the economic environment. After management’s assessment, reversal of impairment on trade receivables of RMB3,496,000 and impairment on contract assets at RMB12,627,000 have been recognised in profit or loss for the year.

## Independent Auditor's Report

Management performed impairment assessment on the trade receivables and contract assets, and the sufficiency of loss allowance for ECL. In carrying out impairment assessment of trade receivables and contract assets under the ECL model, significant management judgement was used to determine the underlying assumptions.

### Our Response

Our key audit procedures in relation to expected credit losses on trade receivables and contract assets:

- Understanding the impairment assessment prepared by the management, including an evaluation of management judgements and creditworthiness of the customers by assessing, on a sample basis, the available information, such as understanding on-going relationship with the customers based on trade records and checking the customers' historical settlement records;
- Assessing the appropriateness of ECL provisions applying the ECL rates to the respective categories of the trade receivables and contract assets recorded at the reporting date; and
- Reviewing the reasonableness of the use of ageing profile, historical settlement pattern, historical default rates, forecast economic conditions and other forward-looking information in the ECL model.

### OTHER INFORMATION IN THE ANNUAL REPORT

The directors of the Company ("**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 the 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 responsibilities 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

## Independent Auditor's Report

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

- 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 audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

#### **BDO Limited**

*Certified Public Accountants*

#### **NG Wai Man**

*Practising Certificate Number P05309*

Hong Kong, March 26, 2026

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
Revenue	6	<b>2,294,079</b>	1,523,033
Cost of sales		<b>(2,063,944)</b>	(1,332,575)
<b>Gross profit</b>		<b>230,135</b>	190,458
Other income	7	<b>8,415</b>	10,608
Other gains and (losses), net	8	<b>(1,400)</b>	10,312
Selling and distribution expenses		<b>(25,830)</b>	(24,910)
Administrative expenses		<b>(69,127)</b>	(66,923)
Research and development expenses		<b>(25,134)</b>	(20,471)
Reversal of impairment loss/(impairment loss) on trade and bills receivables, net of reversal		<b>3,496</b>	(4,702)
Reversal of impairment loss on deposits and other receivables, net of reversal		<b>643</b>	3,951
Impairment loss on contract assets, net of reversal		<b>(12,627)</b>	(4,457)
Reversal of impairment loss/(impairment loss) on amount due from a related company		<b>5</b>	(10)
Impairment loss on property, plants and equipment		<b>(1,256)</b>	—
Listing expenses		<b>(18,311)</b>	(6,357)
Finance costs	9	<b>(10,817)</b>	(8,799)
<b>Profit before income tax</b>	10	<b>78,192</b>	78,700
Income tax expense	13	<b>(12,380)</b>	(7,917)
<b>Profit for the year</b>		<b>65,812</b>	70,783
<b>Other comprehensive income</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		<b>226</b>	(605)
<b>Other comprehensive income for the year</b>		<b>226</b>	(605)
<b>Total comprehensive income for the year</b>		<b>66,038</b>	70,178

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

(Expressed in Renminbi (“RMB”))

	Notes	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
<b>Profit attributable to:</b>			
Owners of the Company		65,647	74,639
Non-controlling interests		165	(3,856)
		<b>65,812</b>	70,783
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		65,873	74,034
Non-controlling interests		165	(3,856)
		<b>66,038</b>	70,178
		<b>RMB cents</b>	RMB cents
<b>Earnings per share attributable to the owners of the Company</b>			
	14	<b>68</b>	78

# Consolidated Statement of Financial Position

		As at December 31,	
	Notes	2025	2024
		RMB'000	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	16	58,942	64,563
Investment properties	17	1,798	1,867
Right-of-use assets	18	15,250	19,721
Intangible assets	19	5,897	4,941
Goodwill	20	4,076	4,076
Contract assets	25	798	4,096
Deposits	24	38	601
Deferred tax assets	21	14,360	17,295
Total non-current assets		101,159	117,160
<b>Current assets</b>			
Inventories	22	71,652	96,561
Trade and bills receivables	23	327,120	521,956
Income tax recoverable		2,268	956
Other receivables, deposits and prepayments	24	206,289	158,272
Contract assets	25	739,840	348,402
Amount due from a related company	26	117	—
Pledged deposits	27	37,535	24,815
Restricted deposits	28	22,314	22,764
Cash and cash equivalents	29	419,503	110,920
Total current assets		1,826,638	1,284,646
<b>Current liabilities</b>			
Trade and bills payables	30	692,414	500,608
Other payables and accruals	31	106,602	55,230
Contract liabilities	32	45,573	43,981
Lease liabilities	33	3,589	5,648
Income tax payable		6,480	7,459
Amounts due to related companies	26	264	278
Bank borrowings	34	410,653	313,054
Total current liabilities		1,265,575	926,258
<b>Net current assets</b>		561,063	358,388
<b>Total assets less current liabilities</b>		662,222	475,548

## Consolidated Statement of Financial Position

	Notes	As at December 31,	
		2025	2024
		RMB'000	RMB'000
<b>Non-current liability</b>			
Lease liabilities	33	298	3,856
Total non-current liability		298	3,856
<b>Net assets</b>		<b>661,924</b>	471,692
<b>Capital and reserves</b>			
Share capital	35	120,550	95,950
Reserves	36,37	503,598	338,131
Equity attributable to owners of the Company		624,148	434,081
Non-controlling interests		37,776	37,611
<b>Total equity</b>		<b>661,924</b>	471,692

The consolidated financial statements on pages 83 to 172 were approved and authorised for issue by the Board of Directors on March 26, 2026 and are signed on its behalf by:

On behalf of the directors

\_\_\_\_\_  
**Mr. Brian B. Y. Chen**

Director

\_\_\_\_\_  
**Ms. Angela Chen Mah**

Director

# Consolidated Statement of Changes in Equity

For the year ended December 31, 2025

	Equity attributable to owners of the Company											
	Share capital RMB'000 Note 35	Share premium RMB'000	Share-based		Safety			Exchange reserve RMB'000 Note 37(b)	Accumulated profits RMB'000	Total RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
			payment	Statutory	production	Other						
			reserve RMB'000 Note 36	reserves RMB'000 Note 37(a)	reserves RMB'000	reserves RMB'000						
<b>As at January 1, 2024</b>	95,950	41,032	356	32,960	3,739	9,225	—	175,360	358,622	41,467	400,089	
Profit for the year	—	—	—	—	—	—	—	74,639	74,639	(3,856)	70,783	
Exchange difference arising on translation of foreign operations	—	—	—	—	—	—	(605)	—	(605)	—	(605)	
	—	—	—	—	—	—	(605)	74,639	74,034	(3,856)	70,178	
Recognition of share-based payments	—	—	1,425	—	—	—	—	—	1,425	—	1,425	
Appropriation to statutory surplus reserve	—	—	—	1,778	—	—	—	(1,778)	—	—	—	
Appropriation to safety production reserve	—	—	—	—	3,282	—	—	(3,282)	—	—	—	
<b>As at December 31, 2024 and January 1, 2025</b>	95,950	41,032	1,781	34,738	7,021	9,225	(605)	244,939	434,081	37,611	471,692	
<b>As at December 31, 2024 and January 1, 2025</b>	<b>95,950</b>	<b>41,032</b>	<b>1,781</b>	<b>34,738</b>	<b>7,021</b>	<b>9,225</b>	<b>(605)</b>	<b>244,939</b>	<b>434,081</b>	<b>37,611</b>	<b>471,692</b>	
Profit for the year	—	—	—	—	—	—	—	65,647	65,647	165	65,812	
Exchange difference arising on translation of foreign operations	—	—	—	—	—	—	226	—	226	—	226	
	—	—	—	—	—	—	226	65,647	65,873	165	66,038	
Recognition of share-based payments	—	—	1,380	—	—	—	—	—	1,380	—	1,380	
Dividend paid	—	—	—	—	—	—	—	(27,826)	(27,826)	—	(27,826)	
Share allotment	24,600	126,113	—	—	—	—	—	—	150,713	—	150,713	
Appropriation to statutory surplus reserve	—	—	—	4,766	—	—	—	(4,766)	—	—	—	
Appropriation to safety production reserve	—	—	—	—	4,182	—	—	(4,182)	—	—	—	
Other	—	—	—	—	—	(73)	—	—	(73)	—	(73)	
<b>As at December 31, 2025</b>	<b>120,550</b>	<b>167,145</b>	<b>3,161</b>	<b>39,504</b>	<b>11,203</b>	<b>9,152</b>	<b>(379)</b>	<b>273,812</b>	<b>624,148</b>	<b>37,776</b>	<b>661,924</b>	

# Consolidated Statement of Cash Flows

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before income tax	<b>78,192</b>	78,700
Adjustments for:		
Interest income	<b>(1,879)</b>	(2,616)
Interest expenses	<b>10,817</b>	8,799
Share-based payments expenses	<b>1,380</b>	1,425
Amortisation of intangible assets	<b>1,177</b>	1,105
Depreciation of property, plant and equipment	<b>9,247</b>	9,818
Depreciation of investment properties	<b>69</b>	69
Depreciation of right-of-use assets	<b>5,886</b>	6,059
Loss on disposal of property, plant and equipment, net	<b>11</b>	236
Loss on written off of intangible assets	<b>5</b>	—
Gain on lease modification	<b>—</b>	(5)
Gain on disposal of land use right	<b>(508)</b>	—
Gain on disposal of a subsidiary	<b>—</b>	(10,815)
Impairment losses on property, plant and equipment (Reversal of impairment losses)/impairment losses on trade and bills receivables, net	<b>1,256</b> <b>(3,496)</b>	— 4,702
Reversal of impairment losses on other receivables, net	<b>(643)</b>	(3,951)
Impairment losses on contract assets, net (Reversal of impairment loss)/impairment loss on amount due from a related company, net	<b>12,627</b> <b>(5)</b>	4,457 10
Write down/(reversal of write down) of finished goods, net	<b>830</b>	(384)
Fair value gains on financial assets at FVTPL	<b>(66)</b>	(754)
Operating cash flows before working capital changes	<b>114,900</b>	96,855
Decrease/(increase) in restricted bank balances	<b>450</b>	(450)
Decrease/(increase) in inventories	<b>24,079</b>	(23,561)
Decrease/(increase) in trade and bills receivables	<b>198,337</b>	(75,008)
Increase in contract assets	<b>(400,503)</b>	(60,244)
Increase in other receivables, deposits and prepayments	<b>(46,811)</b>	(75,087)
Increase in amount due from a related company	<b>(117)</b>	—
Increase in trade and bills payables	<b>191,806</b>	101,138
Increase in contract liabilities	<b>1,592</b>	1,082
Increase in other payables and accruals	<b>55,529</b>	5,879
Decrease in amounts due to related companies	<b>(14)</b>	(2,138)
Cash generated from/(used in) operating activities	<b>139,248</b>	(31,534)
Income tax paid	<b>(11,705)</b>	(12,892)
Net cash generated from/(used in) operating activities	<b>127,543</b>	(44,426)

## Consolidated Statement of Cash Flows

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Cash flows from investing activities		
Placement of pledged and restricted bank deposits	<b>(12,720)</b>	(3,198)
Net cash inflow on disposal of subsidiaries	—	45,999
Payment for the purchase of property, plant and equipment	<b>(4,893)</b>	(5,328)
Proceeds from disposal of property, plant and equipment	—	30
Payment for the purchase of intangible assets	<b>(5,301)</b>	—
Proceeds from disposal of land use rights	<b>2,256</b>	—
Payment for the purchase of land use rights	—	(1,438)
Payment for purchase of financial assets at FVTPL	<b>(49,000)</b>	(29,000)
Proceeds from sale of financial assets at FVTPL	<b>49,066</b>	49,669
Interest received	<b>1,879</b>	2,616
<b>Net cash (used in)/generated from investing activities</b>	<b>(18,713)</b>	59,350
Cash flows from financing activities		
Proceeds from issuance of H Shares, net	<b>146,531</b>	—
Proceeds from bank borrowings	<b>479,344</b>	449,696
Repayment of bank borrowings	<b>(381,745)</b>	(410,281)
Principal elements of lease rentals paid	<b>(5,617)</b>	(5,489)
Interest elements of lease rentals paid	<b>(303)</b>	(561)
Interest paid	<b>(10,489)</b>	(8,246)
Dividend paid	<b>(27,826)</b>	(19,190)
<b>Net cash generated from financing activities</b>	<b>199,895</b>	5,929
<b>Net increase in cash and cash equivalents</b>	<b>308,725</b>	20,853
Cash and cash equivalents at beginning of year	<b>110,920</b>	90,134
Effect of foreign exchange rate changes, net	<b>(142)</b>	(67)
<b>Cash and cash equivalents at end of year</b>	<b>419,503</b>	110,920

# Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

## 1. CORPORATE INFORMATION

The Company was established in Shanghai, the People's Republic of China (the "PRC") on April 17, 1999 as a limited liability company under the laws of China. The address of the Company's registered office and principal place of incorporation is 208 Jiangtian Road East, Songjiang Industry Park, Songjiang District, Shanghai, China.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since December 30, 2025.

In the opinion of the directors, the Company's ultimate holding company is Broad Vision International Group Limited, incorporated in Hong Kong. The ultimate controlling parties are Mr. Brian B.Y. Chen and Ms. Angela Chen Mah, who are also the Chairman and Director of the Company, respectively.

The Company is engaged in prefabricated steel structure building ("PS Building") and the principal activities of its subsidiaries are set out in Note 46(a) to the consolidated financial statements.

## 2. ADOPTION OF HKFRS ACCOUNTING STANDARDS

### (a) Adoption of new/revised HKFRS Accounting Standards

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued a number of new/revised HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
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### (b) New/revised HKFRS Accounting Standards that have been issued but are not yet effective

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

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

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

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

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

(Expressed in RMB unless otherwise indicated)

### 2. ADOPTION OF HKFRS ACCOUNTING STANDARDS *(Continued)*

#### (b) New/revised HKFRS Accounting Standards that have been issued but are not yet effective *(Continued)*

The Group has already commenced an assessment of the impact of adopting the above new/revised HKFRS Accounting Standards. The directors of the Company preliminarily anticipate that except for HKFRS 18, which is expected to have certain impacts to the presentation of the Company's financial statements, other new/revised HKFRS Accounting Standards will have no material impact on the Company's financial performance and positions.

#### **HKFRS 18 Presentation and Disclosure in Financial Statements**

HKFRS 18 will replace HKAS 1 "Presentation of financial statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance presented in the statement of profit or loss, which will affect how the Group presents and discloses financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures, and (iii) enhanced requirements for aggregation and disaggregation of information.

### 3. BASIS OF PREPARATION

#### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards which collective term includes individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKAS**") and Interpretations (hereinafter collectively referred to as the "**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange (the "**Listing Rules**").

#### (b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis, except for financial assets stated at fair values, which are measured at fair value.

#### (c) Functional and presentation currency

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION

#### (a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests (“**NCI**”). Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### (a) Basis of consolidation *(Continued)*

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

#### (b) Subsidiaries

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

In the Company's statement of financial position disclosed in Note 45, investments in subsidiaries are stated at cost less impairment loss, if any. Dividend from a subsidiary is recognised in the financial statements of the Company when the Company's right to receive the dividend is established. The dividend is recognised in the profit or loss for the Company.

#### (c) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### (d) Property, plant and equipment

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

The cost of property, plant and equipment includes its purchase price and the costs directly attributable costs of bringing the asset to the working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalized as an additional cost of that asset or as a replacement.

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

Owned buildings	20 years
Leasehold improvements	Over the lease term
Plant and machinery	3–10 years
Office equipment	5 years
Motor vehicles	5 years

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sale proceeds and its carrying amount of the item and is recognised in profit or loss.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### (e) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property comprises land held under operating leases and buildings owned by the Group. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

The Group classifies property interests that meet the definition of investment property under HKAS 40 separately on the consolidated statements of financial position. When an investment property ceases to qualify as such (e.g., due to commencement of owner-occupation), its carrying amount of the leasehold land and building elements are reclassified as right-of-use assets under HKFRS 16 and property, plant and equipment under HKAS 16, respectively, at the date of change in use. Right-of-use assets arising from such reclassifications are presented within the relevant line items for leased assets, distinct from investment properties.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### (f) Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### A. The Group as a lessee

###### **Right-of-use assets**

The right-of-use assets should be recognised at cost and would comprise:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, if any, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the lease tenure.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

###### **Refundable rental deposits**

Refundable rental deposits paid are accounted under *HKFRS 9 Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

(Expressed in RMB unless otherwise indicated)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### (f) Leases *(Continued)*

##### A. The Group as a lessee *(Continued)*

###### **Lease liabilities**

At the commencement date of a lease, the Group recognises and measures the lease liabilities at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date.

The lease payments include:

- (i) fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (iii) amounts expected to be payable by the Group under residual value guarantees;
- (iv) the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- (v) payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by:

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

###### **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to leases of office that have a lease tenure of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on these short-term leases are recognised as expense on a straight-line basis over the lease tenure.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### (f) Leases *(Continued)*

##### A. The Group as a lessee *(Continued)*

###### ***Lease modifications***

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease tenure of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

##### B. The Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

###### ***Refundable rental deposits***

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

(Expressed in RMB unless otherwise indicated)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### (g) Intangible assets (other than goodwill, acquired separately)

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The amortisation expense is recognised in profit or loss. Amortisation is provided on a straight-line basis over their useful lives as follows:

Software	10 years
Patent	10 years

#### **Internally-generated intangible assets — research and development expenditure**

The Group incurs significant costs and efforts on research and development activities. Research expenditures are charged to the profit or loss as an expense in the period the expenditures are incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### (g) Intangible assets (other than goodwill, acquired separately) *(Continued)*

##### **Impairment**

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see Note 4(o)).

#### (h) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the specific identification method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

#### (i) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows when the effect of the time value of money is material.

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### (j) Financial instruments

##### **Financial assets**

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

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

##### **Debt instruments**

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset.

##### **Amortised cost**

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

##### **Fair value through other comprehensive income (“FVTOCI”)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVTOCI. Debt investments at FVTOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

##### **Fair value through profit or loss (“FVTPL”)**

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### (j) Financial instruments *(Continued)*

##### **Impairment loss on financial assets**

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including trade and bills receivables, contract assets, deposit and other receivable, restricted balance, pledged deposits and cash and cash equivalents) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade and bills receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

##### **Significant increase in credit risk**

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### (j) Financial instruments *(Continued)*

##### **Impairment loss on financial assets** *(Continued)*

##### **Significant increase in credit risk** *(Continued)*

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless the Group has reasonable and supportable information that demonstrate otherwise.

##### **Credit-impaired financial assets**

The Group considers financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that financial asset are credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; and
- the financial asset is more than 90 days past due.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### (j) Financial instruments *(Continued)*

##### **Impairment loss on financial assets** *(Continued)*

##### **Credit-impaired financial assets** *(Continued)*

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

##### **Definition of default**

The Group classifies credit risk on financial assets as disclosed in Note 44(a). The internal credit risk ratings are estimated based on qualitative (such as on-going business relationships with the relevant customers, etc.) and quantitative factors (mainly includes past collection history of each customer and ageing of the receivables).

The Group considers an event of default occurs when information developed internally or obtained from external sources which indicates that the debtor is unlikely to pay its creditors, including the Group, in full. Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### **Write-off policy**

The gross carrying amount of a financial asset is written off of the extent that there is no reasonable expectation of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

##### **Measurement and recognition of ECLs**

Generally, the ECLs is estimated as the weighted average of the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, with the respective risks of a default occurring as the weights, discounted at the effective interest rate determined at initial recognition.

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### (j) Financial instruments *(Continued)*

##### **Impairment loss on financial assets** *(Continued)*

##### **Measurement and recognition of ECLs** *(Continued)*

Where ECLs is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

##### **Financial liabilities**

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

##### **Financial liabilities at amortised cost**

Financial liabilities at amortised cost including trade and bills payables, other payables and accruals, interest-bearing bank borrowings, amount due to a joint venture and amount due to a substantial shareholder are subsequently measured at amortised cost, using the effective interest method.

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

##### **Derecognition**

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

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

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### (k) Revenue recognition

Income is mainly represented and classified by the Group as revenue when it arises from PS building subcontracting services, general contracting services and sales of industrial environmental equipment.

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

Further details of major stream of business of the Group's revenue recognition policies are as follows:

#### (i) Revenue from PS building subcontracting services

Revenue is recognised over time for subcontracting contracts related to steel structure construction, using the input method. The Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognizes revenue over time, by reference to the contract costs incurred to date relative to the estimated total contract costs while the contract progress are highly correlated contract costs for the contracts. Invoices are issued according to contractual terms and obligated to be paid in accordance with the respective repayment schedules.

#### (ii) Revenue from general contracting services

Revenue is recognised over time for contracts involving engineering, procurement, and construction services, as the contractor performs the work. The Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognizes revenue over time, by reference to the contract costs incurred to date relative to the estimated total contract costs while the contract progress are highly correlated contract costs for the contracts. Invoices are issued according to contractual terms and obligated to be paid in accordance with the respective repayment schedules.

#### (iii) Revenue from industrial environmental equipment

Revenue from industrial environmental equipment is mainly generated from the manufacture and sales of equipment for steel structure facilities.

The Group recognizes revenue from sale of industrial environmental equipment are recognised upon delivery, which occurs when customer pick up goods at the Group's premises or when goods are handed over to customer. Delivery occurs when the risks of obsolescence and loss are transferred to the customer, i.e., when the goods are delivered to the customer in accordance with the sales contract, or the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

(Expressed in RMB unless otherwise indicated)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### (k) Revenue recognition *(Continued)*

##### (iv) Contract assets and liabilities

A contract asset is the right to receive a consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

#### (l) Employee benefits

##### Retirement benefit costs

The employees of the Group which operates in the PRC are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentage of employees' salaries to the central pension scheme.

##### Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

##### Termination benefits

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

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### (m) Share-based payments

##### Shares options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of services received determined by reference to the fair value of shares awarded at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, service and non-market performance vesting conditions are included in the estimation about the number of share awards that are expected to vest, the Group revises its estimate of the number of share awards that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payment reserve.

When the share award scheme is canceled during the vesting period, the Group accounts for the cancellation as an acceleration of vesting, and recognizes immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period. The amount previously recognised in share-based payment reserve will also be transferred to retained earnings.

#### (n) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

#### (o) Impairment of assets (other than financial assets and inventories)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment properties, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, investment properties, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

(Expressed in RMB unless otherwise indicated)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### (o) Impairment of assets (other than financial assets and inventories) *(Continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or a cash-generating unit for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or a cash-generating unit is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or a cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### (p) Income taxes

Income tax expense represents the sum of current and deferred income tax expense.

##### **Current tax**

The tax currently payable is based on assessable profit for the year. Assessable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### (p) Income taxes *(Continued)*

##### **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(Expressed in RMB unless otherwise indicated)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### (q) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the financial statement, the assets and liabilities of the Group's foreign operations are translated into functional and presentation currency of the Group (i.e. RMB), using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate). The accumulated exchange differences arising from translation into presentation currency will not be recycled to profit and loss.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### (r) Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of the Company's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) the entity and the Group are members of the same group.
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Company.

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

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

(Expressed in RMB unless otherwise indicated)

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results 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.

#### A. Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

##### (a) Revenue from provision of construction services

The Group recognises revenue from the provision of PS building subcontracting and general contracting services over time by measuring the progress toward the complete satisfaction of relevant performance obligations. This progress is determined based on the Group's efforts or inputs relative to the total expected inputs needed to fulfill a performance obligation. Specifically, this is assessed by referencing the proportion of actual costs incurred compared to the total expected contract costs, which best reflects the Group's performance in creating or enhancing an asset under the customer's control.

While management regularly reviews and revises estimates of total costs incurred and anticipated for each individual project as the contract progresses, the actual outcomes related to total revenue and costs may differ from these estimates. Consequently, this variance will impact the revenue and profit recognised.

##### (b) Principal versus agent consideration (principal)

The Group provides PS building subcontracting services and general contracting services. It has concluded that it acts as the principal in these transactions, as it controls the specified goods before they are transferred to the customer. This conclusion is based on indicators, including the Group's primary responsibility for fulfilling the commitment to deliver completed steel structures or construction projects to customers. The Group also assumes inventory risk.

Upon satisfaction of the performance obligation, the Group recognises revenue in the gross amount of consideration it expects to receive, as specified in the contracts.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

#### B. Key sources of estimation uncertainty

##### (a) Estimated useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment, except for construction in progress. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Actual economic lives may differ from estimated useful lives. Actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

##### (b) Estimated the incremental borrowing rate

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

##### (c) Provision of expected credit losses ("ECLs") for contract assets and trade receivables

The Group works on PS building subcontracting services and general contracting services to customers before the customers pay consideration or before payments are due, contract assets are recognised for the earned considerations that are conditional. Contract assets are stated at cost less impairment. In assessing the recoverability of the contract assets, the Group regularly reviews and considers forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment. The provision of ECL is sensitive to changes in estimates.

The Group recognised gross carrying amounts of contract assets of RMB774,686,000 and RMB373,919,000 as at December 31, 2025 and 2024, respectively, before impairment provision of contract assets of RMB34,048,000 and RMB21,421,000 respectively.

(Expressed in RMB unless otherwise indicated)

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

#### B. Key sources of estimation uncertainty *(Continued)*

##### (c) Provision of expected credit losses (“ECLs”) for contract assets and trade receivables *(Continued)*

Except for Customer A, which is the major customer to the Group and debtors with material outstanding balance or credit-impaired which assesses ECLs on individual basis, the Group use provision matrix to calculate ECLs for trade and bills receivables. The provision rates and matrix are based on the Group’s historical default rates from debtors with similar loss patterns taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. The provision of ECLs is sensitive to changes in estimates.

The Group recognised gross carrying amount of trade receivables of RMB373,328,000 and RMB555,385,000 as at December 31, 2025 and 2024, respectively, before impairment provision of trade receivables of RMB49,088,000 and RMB69,134,000 respectively.

##### (d) Recognition of deferred tax assets

As at December 31, 2025 and 2024, deferred tax assets of approximately RMB14,360,000 and RMB17,295,000, respectively, in relation to unused tax losses, allowance for credit losses of financial assets and other temporary difference were recognised in the consolidated financial statements. Estimating the deferred tax assets to be recognised require a process that involves determining appropriate tax provisions, forecasting future periods’ taxable income and assessing the ability to utilize tax benefits through future earnings and tax structuring. In cases where the actual future profits generated are less than expected, a material reversal of the deferred tax asset may arise, which would be recognised in profit or loss for the period in which such a reversal takes place. Any expected changes in assumptions and estimates in tax regulations could also affect the recoverability of these deferred tax assets in the future.

The Group is required to recognise deferred tax liabilities for taxable temporary differences relating to investments in certain subsidiaries, unless the Group is able to control the timing of the reversal of the temporary difference and such temporary difference is not likely to be reversed in the foreseeable future, in which case the recognition of deferred tax liabilities is not required. Deferred tax liabilities have not been recognised for the taxation that would be payable on the undistributed profits of certain subsidiaries which were under certain jurisdictions as the Group is of the view that it is able to fully control the timing of the reversal of the temporary difference arising from dividend distribution of the subsidiary and that subsidiary will not make any profit distribution in the foreseeable future.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

#### B. Key sources of estimation uncertainty *(Continued)*

##### (e) Fair value measurement

A number of assets and liabilities included in the consolidated financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "**fair value hierarchy**"):

Level 1: Quoted prices in active markets for identical items (unadjusted);

Level 2: Observable direct or indirect inputs other than Level 1 inputs; and

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period as they occur.

The Group measures the bills receivables at fair value.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 6. SEGMENT INFORMATION AND REVENUE

#### (a) Reportable segment

The Group's chief operating decision maker ("CODM") has been identified as the chief executive officer who reviews revenue analysis of the Group as a whole. For the purposes of resource allocation and assessment of segment performance, the CODM reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and no other discrete financial information is provided to the CODM. Accordingly, the Group has only one operating and reportable segment and no further analysis of this single segment is presented.

The management of the Group assesses the performance of the reportable segment based on the revenue and gross profit for the year of the Group as presented in the consolidated statement of profit or loss and other comprehensive income. The accounting policies of the reportable segment are the same as the Group's accounting policies. No analysis of the Group's assets and liabilities is regularly provided to the management of the Group for review.

In the following table, revenue is disaggregated by major products and service lines, timing of revenue recognition and primary geographical market.

	2025 RMB'000	2024 RMB'000
<b>Major product/service</b>		
PS building subcontracting services	1,901,453	1,240,512
General contracting services	299,228	182,540
Sales of industrial environmental equipment	93,398	99,981
	<b>2,294,079</b>	1,523,033
<b>Timing of revenue recognition</b>		
At a point in time	93,398	99,981
Over time	2,200,681	1,423,052
	<b>2,294,079</b>	1,523,033
<b>Primary geographical market</b>		
The PRC	1,890,425	1,173,944
Southeast Asia (Note (i))	315,214	241,285
United States	64,218	66,463
Australia	—	33,402
Others (Note (ii))	24,222	7,939
	<b>2,294,079</b>	1,523,033

Note i: Principally included Thailand, Vietnam and Malaysia.

Note ii: Principally included Germany, Austria, Canada and other territories.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 6. SEGMENT INFORMATION AND REVENUE (Continued)

#### (b) Geographic information

The Group's operations are mainly located in Mainland China and Thailand. Information about the Group's non-current assets, other than financial instruments and deferred income tax assets, is presented based on the geographical location of the assets.

	2025 RMB'000	2024 RMB'000
The Mainland China	81,864	91,066
Thailand	23	26
	<b>81,887</b>	91,092

#### (c) Information about major customer

An analysis of revenue from customers with whom transactions have exceeded 10% of the Group's revenue for the year was as follows:

	2025 RMB'000	2024 RMB'000
Customer A	634,281	641,032

Note: The revenue from this customer was derived by PS building subcontracting services.

#### (d) Remaining performance obligation

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, 2025 and 2024 and the expected timing of recognising revenue are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	896,633	903,694
More than one year but not more than two years	42,694	63,473
More than two years but not more than five years	—	33,927
	<b>939,327</b>	1,001,094

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 7. OTHER INCOME

	2025 RMB'000	2024 RMB'000
Interest income	1,879	2,616
Gain on sale of scrap materials	3,975	3,345
Net rental income	1,509	3,683
Government grants	197	786
Sundry income	855	178
	<b>8,415</b>	10,608

### 8. OTHER GAINS AND (LOSSES), NET

	2025 RMB'000	2024 RMB'000
Net exchange (losses)/gains	(974)	78
Fair value gain on financial asset at fair value through profit or loss	66	754
Gain on disposal of a subsidiary	—	10,815
Gain on lease modification	—	5
Gain on disposal of land use right	508	—
Loss on disposal of property, plant and equipment, net	(11)	(236)
Loss on written off of intangible assets	(5)	—
Penalties	(204)	(4)
Compensation (Note)	(804)	(1,042)
Others	24	(58)
	<b>(1,400)</b>	10,312

Note: For the year ended December 31, 2025, the compensation of approximately RMB804,000 (2024: RMB1,042,000) mainly represents compensation payable to employees of the Group who were injured while at work, after deducting any insurance received.

### 9. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest expenses on bank borrowings	10,514	8,238
Interest expenses on lease liabilities	303	561
	<b>10,817</b>	8,799

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 10. PROFIT BEFORE INCOME TAX

	2025 RMB'000	2024 RMB'000
Profit before income tax is arrived at after charging:		
Amortisation and depreciation		
— Amortisation of intangible assets	1,177	1,105
— Depreciation of right-of-use assets	5,886	6,059
— Depreciation of investment properties	69	69
— Depreciation of property, plant and equipment	9,247	9,818
<b>Total amortisation and depreciation</b>	<b>16,379</b>	17,051
Cost of inventories recognised as an expense, including:	<b>2,063,944</b>	1,332,575
— Write down of inventories	<b>830</b>	384
Gross rental income from investment properties	<b>1,578</b>	3,752
Direct operating expenses incurred for investment properties that generated rental income	<b>(69)</b>	(69)
<b>Rental income from investment properties, net</b>	<b>1,509</b>	3,683
Auditor's remuneration	<b>1,250</b>	2,189
Lease payments in respect of short-term leases	<b>414</b>	453
Listing expenses	<b>18,311</b>	6,357

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 11. STAFF COSTS

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Staff costs (including directors' emoluments) comprise:		
— Salaries and allowances	<b>86,676</b>	90,394
— Contributions to defined contribution retirement plan (Note)	<b>22,228</b>	11,045
— Discretionary bonuses	<b>18,543</b>	9,814
— Other employee benefits	<b>6,195</b>	4,528
— Share-based payments (Note 36)	<b>1,380</b>	1,425
	<b>135,022</b>	117,206

Note: As stipulated by the rules and regulations in the PRC, the Group is required to participate in a central pension scheme operated by the local municipal governments and contribute a specified percentage of their payroll costs to the central pension scheme to fund the benefits. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's obligations under these plans are limited to the fixed percentage contribution payable.

The total expenses recognised in profit or loss represent contribution paid/payable to these scheme by the Group in the year. No forfeited contribution may be used by the Group to reduce the existing level of contributions.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 12. EMOLUMENTS OF DIRECTORS AND SUPERVISORS AND HIGHEST PAID INDIVIDUALS

#### (a) Directors' and supervisors' emoluments

The emoluments for each of the Directors and Supervisors for the years ended December 31, 2025 and 2024, as disclosed in accordance with the Listing Rules and the Hong Kong Companies Ordinance, are presented below:

#### Year ended December 31, 2025

	Fee RMB'000	Salaries and allowance RMB'000	Discretionary bonus RMB'000	Contribution to defined contribution retirement plan RMB'000	Total RMB'000
<b>Executive Directors</b>					
Mr. Brian B.Y. Chen	—	1,116	1,332	—	2,448
Ms. Angela Chen Mah	—	600	112	—	712
<b>Non-Executive Directors</b>					
Mr. Wajdi Maalouf	—	—	—	—	—
Mr. Charles Chiang Mah	—	—	—	—	—
<b>Independent Non-Executive Directors</b>					
Mr. Liu Xuming	—	50	—	—	50
Mr. Chong Hon Wang (Note (i))	—	111	—	—	111
Mr. He Zhicong	—	50	—	—	50
Mr. Zong Wei (Note (ii))	—	—	—	—	—
<b>Supervisors</b>					
Ms. Bian Minfang	—	—	—	—	—
Mr. Zhang Chunhua	—	—	—	—	—
Mr. Xu Wei	—	380	123	148	651
	—	2,307	1,567	148	4,022

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 12. EMOLUMENTS OF DIRECTORS AND SUPERVISORS AND HIGHEST PAID INDIVIDUALS (Continued)

#### (a) Directors' and supervisors' emoluments (Continued)

##### Year ended December 31, 2024

	Fee RMB'000	Salaries and allowance RMB'000	Discretionary bonus RMB'000	Contribution to defined contribution retirement plan RMB'000	Total RMB'000
<b>Executive Directors</b>					
Mr. Brian B.Y. Chen	—	1,116	1,245	—	2,361
Ms. Angela Chen Mah	—	699	122	—	821
<b>Non-Executive Directors</b>					
Mr. Wajdi Maalouf	—	—	—	—	—
Mr. Charles Chiang Mah	—	—	—	—	—
<b>Independent Non-Executive Directors</b>					
Mr. Liu Xuming	—	50	—	—	50
Mr. Zong Wei (Note (ii))	—	50	—	—	50
Mr. He Zhicong	—	50	—	—	50
<b>Supervisors</b>					
Ms. Bian Minfang	—	—	—	—	—
Mr. Zhang Chunhua	—	—	—	—	—
Mr. Xu Wei	—	394	106	134	634
	—	2,359	1,473	134	3,966

Notes:

- (i) Mr. Chong Hon Wang was appointed as an independent non-executive director on January 10, 2025.
- (ii) Mr. Zong Wei resigned as an independent non-executive director on January 10, 2025.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### **12. EMOLUMENTS OF DIRECTORS AND SUPERVISORS AND HIGHEST PAID INDIVIDUALS** *(Continued)*

#### **(b) Directors' retirement benefits**

There were no retirement benefits paid to or receivable by any Director in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries during the year ended December 31, 2025 and 2024.

#### **(c) Directors' termination benefits**

There were no termination benefits paid to or receivable by any Director during the year ended December 31, 2025 and 2024.

#### **(d) Consideration provided to third parties for making available Directors' services**

During the years ended December 31, 2025 and 2024, no emoluments were paid by the Group to the Directors 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.

#### **(e) Information about loans, quasi-loans and other dealings in favour of Directors**

There were no loans, quasi-loans and other dealings entered into between the Group and the Directors and in favour of the Directors during the year ended December 31, 2025 and 2024.

#### **(f) Directors' material interests in transactions, arrangements or contracts**

Other than those as disclosed in above and Note 38 to the consolidated financial statement, there are no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended December 31, 2025 and 2024.

#### **(g) Information about waived or agreed to waive any emoluments**

None of the Directors or any of the five highest paid individuals waived or agreed to waive any emoluments for the years ended December 31, 2025 and 2024.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 12. EMOLUMENTS OF DIRECTORS AND SUPERVISORS AND HIGHEST PAID INDIVIDUALS *(Continued)*

#### (h) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, one (2024: two) was director of the Company whose emoluments is included in the disclosures in Note (a) above. The emoluments of the remaining four (2024: three) individuals were as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Salaries and other benefits	<b>2,782</b>	1,481
Discretionary bonus	<b>1,601</b>	794
Contributions to defined contribution retirement plan	<b>444</b>	406
Share-based payments	<b>—</b>	15
	<b>4,827</b>	2,696

The emoluments paid or payable to the above individuals were within the following band:

	<b>2025</b>	2024
	<b>No. of</b>	No. of
	<b>individuals</b>	individuals
Nil to RMB\$1,000,000	<b>—</b>	2
RMB\$1,000,001 to RMB\$1,500,000	<b>4</b>	1
	<b>4</b>	3

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 13. INCOME TAX EXPENSE

- (a) Income tax expense recognised in the consolidated statement of profit or loss and other comprehensive income are as follow:

	2025 RMB'000	2024 RMB'000
Current tax		
— PRC Enterprise income tax	9,005	9,009
— Thailand income tax	—	787
— Malaysia income tax	409	—
	9,414	9,796
Deferred taxation (Note 21)	2,966	(1,879)
Income tax expense	12,380	7,917

#### PRC Enterprise Income Tax (“PRC EIT”)

The PRC EIT represents tax charged on the estimated assessable profits arising in Mainland China. The Company’s subsidiaries operating in Mainland China are subject to the PRC EIT rate of 25% (2024: 25%).

#### High-technology enterprise

According to the New and High-Technology Enterprise Certificate issued by relevant government regulatory bodies, the Company was qualified as new and high-technology enterprises in the PRC with preferential income tax rate of 15%.

#### Research and development

According to a policy promulgated by the State Tax Bureau of the PRC, effective from September 2019 onwards, enterprises engage in research and development activities are entitled to claim 175% of the research and development expenses incurred in a year as tax deductible expenses in determining taxable profits for that year (“**Super Deduction**”). The Group is eligible to such Super Deduction in ascertaining its tax assessable profit for the years ended December 31, 2025 and December 31, 2024.

### 13. INCOME TAX EXPENSE (Continued)

- (a) Income tax expense recognised in the consolidated statement of profit or loss and other comprehensive income are as follow: (Continued)

#### **Thailand income tax**

Thailand income tax is calculated at the 20% of the estimated assessable profit arising in Thailand.

#### **Malaysia income tax**

Malaysia income tax is calculated at the statutory rate of 17% of the estimated taxable profit.

#### **Hong Kong profits tax**

Hong Kong profits tax is calculated at the statutory rate of 16.5% of the estimated taxable profit. No provision for Hong Kong profits tax was made for both periods as the subsidiary in Hong Kong did not have taxable profit for both periods.

#### **Pillar Two Rules**

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective. However, as the Group's estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under the Global Anti-base Erosion Rules based on management's best estimate, the management of the Group considered the Group is not liable to income taxes under the Pillar Two Rules.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 13. INCOME TAX EXPENSE (Continued)

- (b) The income tax expense for the year can be reconciled to the profit before income tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
Profit before income tax	<b>78,192</b>	78,700
Tax expenses calculated at the domestic income tax rate	<b>19,548</b>	19,675
Effect of preferential tax rate	<b>(5,261)</b>	(1,771)
Effect of different taxation rates in other jurisdictions	<b>1</b>	(95)
Tax effect of expenses not deductible for tax purposes	<b>225</b>	374
Tax effect of deductible temporary differences not recognised	<b>3,253</b>	—
Tax effect of taxable temporary differences not recognised	<b>—</b>	(13,841)
Tax reduction for research and development expenses	<b>(3,745)</b>	(3,089)
Tax effect of tax losses not recognised	<b>—</b>	6,664
Utilisation of tax losses not previously recognised	<b>(617)</b>	—
Over provision in prior year	<b>(1,024)</b>	—
Income tax expense	<b>12,380</b>	7,917

The domestic income tax rate represents the EIT rate in the PRC where the Group's operations are substantially based.

As at December 31, 2025, the Group had estimated unused tax losses of approximately RMB44,875,000 (2024: RMB47,343,000) available for offset against future profits which were arising from operation. The tax losses are subject to the final assessment by the tax authorities in the respective jurisdictions where the tax losses arising from.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 14. EARNINGS PER SHARE

The basic and diluted earnings per share attributable to the owners of the Company are calculated as follows:

	2025 RMB'000	2024 RMB'000
<b>Earnings</b>		
Profit for the purposes of basic and diluted earnings per share attributable to owners of the Company	65,647	74,639
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	96,084,800	95,950,005
<b>Earnings per share</b>		
Earnings per share	68	78

There were no potential ordinary shares outstanding during the years ended December 31, 2025 and 2024, and hence the diluted earnings per share is the same as basic earnings per share.

### 15. DIVIDEND

	2025 RMB'000	2024 RMB'000
Interim dividend declared in respect of the prior year of RMB29 cents (2024: RMB Nil) per shares	27,826	—

On July 2, 2025, an interim dividend of RMB0.29 per share, totalling approximately RMB27,826,000 was declared; all of which had been paid in cash by October 31, 2025.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 16. PROPERTY, PLANT AND EQUIPMENT

	Owned buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Cost:</b>							
As at January 1, 2024	126,967	6,769	47,145	5,421	2,265	—	188,567
Additions	—	1,497	2,140	314	639	738	5,328
Disposals	—	—	(758)	(440)	—	—	(1,198)
Disposal of a subsidiary	(31,331)	—	—	(116)	—	—	(31,447)
As at December 31, 2024 and January 1, 2025	<b>95,636</b>	<b>8,266</b>	<b>48,527</b>	<b>5,179</b>	<b>2,904</b>	<b>738</b>	<b>161,250</b>
Additions	—	<b>2,206</b>	<b>1,561</b>	<b>524</b>	—	<b>602</b>	<b>4,893</b>
Disposals	—	—	<b>(48)</b>	<b>(29)</b>	—	—	<b>(77)</b>
As at December 31, 2025	<b>95,636</b>	<b>10,472</b>	<b>50,040</b>	<b>5,674</b>	<b>2,904</b>	<b>1,340</b>	<b>166,066</b>
<b>Accumulated depreciation and impairment:</b>							
As at January 1, 2024	52,776	5,204	31,608	3,971	803	—	94,362
Charge for the year	5,864	909	2,224	434	387	—	9,818
Eliminated on disposals	—	—	(549)	(383)	—	—	(932)
Disposal of a subsidiary	(6,452)	—	—	(109)	—	—	(6,561)
As at December 31, 2024 and January 1, 2025	<b>52,188</b>	<b>6,113</b>	<b>33,283</b>	<b>3,913</b>	<b>1,190</b>	—	<b>96,687</b>
Charge for the year	<b>4,746</b>	<b>1,361</b>	<b>2,350</b>	<b>369</b>	<b>421</b>	—	<b>9,247</b>
Eliminated on disposals	—	—	<b>(46)</b>	<b>(20)</b>	—	—	<b>(66)</b>
Impairment	—	—	<b>1,256</b>	—	—	—	<b>1,256</b>
As at December 31, 2025	<b>56,934</b>	<b>7,474</b>	<b>36,843</b>	<b>4,262</b>	<b>1,611</b>	—	<b>107,124</b>
<b>Carrying amounts:</b>							
As at December 31, 2025	<b>38,702</b>	<b>2,998</b>	<b>13,197</b>	<b>1,412</b>	<b>1,293</b>	<b>1,340</b>	<b>58,942</b>
As at December 31, 2024	43,448	2,153	15,244	1,266	1,714	738	64,563

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 17. INVESTMENT PROPERTIES

Investment properties are located in the PRC. The Group leases out various offices under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 year (2024: 1 year). None of the lease includes variable lease payments or option to renew the lease agreement.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in RMB. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	RMB'000
<b>Cost:</b>	
As at January 1, 2024, December 31, 2024 and December 31, 2025	<b>15,500</b>
<b>Accumulated depreciation:</b>	
As at January 1, 2024	13,564
Depreciation for the year	69
As at December 31, 2024 and January 1, 2025	<b>13,633</b>
Depreciation for the year	<b>69</b>
As at December 31, 2025	<b>13,702</b>
<b>Carrying amount:</b>	
As at December 31, 2025	<b>1,798</b>
As at December 31, 2024	1,867

Details of the Group's investment properties and information about the fair value hierarchy as at the end of each reporting period are as follow:

	Level 3	
	2025 RMB'000	2024 RMB'000
Office premises	<b>44,719</b>	44,318

The fair value has been arrived at based on valuations carried out by directors of the Company.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 17. INVESTMENT PROPERTIES (Continued)

The fair value is estimated using a direct comparison approach. Under this approach, fair value is estimated by using the direct comparison method on the assumption of the sale of the property interest with the benefit of vacant possession and by making reference to comparable sales transactions as available in the market. In estimating the fair value of the properties, the highest and best use of the properties in their current use.

The above investment properties are depreciated for 21–50 years on a straight-line basis.

### 18. RIGHT-OF-USE ASSETS

The analysis of the net carrying amounts of the right-of-use assets by class of underlying assets is as follow:

	<b>Land use right RMB'000</b>	<b>Offices RMB'000</b>	<b>Factory RMB'000</b>	<b>Total RMB'000</b>
<b>As at January 1, 2024</b>	19,982	1,635	12,811	34,428
Charge for the year	(459)	(671)	(4,929)	(6,059)
Additions	—	143	—	143
Modification	—	333	(68)	265
Effect of disposal of a subsidiary	(9,056)	—	—	(9,056)
<b>As at December 31, 2024 and January 1, 2025</b>	<b>10,467</b>	<b>1,440</b>	<b>7,814</b>	<b>19,721</b>
Charge for the year	<b>(300)</b>	<b>(677)</b>	<b>(4,909)</b>	<b>(5,886)</b>
Additions	<b>3,163</b>	—	—	<b>3,163</b>
Disposal	<b>(1,748)</b>	—	—	<b>(1,748)</b>
<b>As at December 31, 2025</b>	<b>11,582</b>	<b>763</b>	<b>2,905</b>	<b>15,250</b>

#### Land use right

Land use rights comprise prepaid lease payments for the leasehold land in the PRC under medium-term lease and is released on a straight-line basis over the remaining term of leases.

#### Offices and factory

During the years ended December 31, 2025 and 2024, the Group leases various offices and factory for its operation. Lease contracts are entered into for fixed term of 1 year to 4 years (2024: 1 year to 4 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 18. RIGHT-OF-USE ASSETS (Continued)

#### Total cash outflow for leases (including short-term leases)

For the year ended December 31, 2025, the total cash outflow for leases is RMB6,334,000 (2024: RMB6,529,000). Amount includes payments of principal and interest portion of lease liabilities, short-term leases and prepayment of short-term leases. These amounts would be presented in operating activities and financing activities.

### 19. INTANGIBLE ASSETS

	Software RMB'000	Patent RMB'000	Total RMB'000
<b>Cost:</b>			
As at January 1, 2024	12,223	139	12,362
Additions	1,438	—	1,438
As at December 31, 2024 and January 1, 2025	<b>13,661</b>	<b>139</b>	<b>13,800</b>
Additions	<b>2,138</b>	—	<b>2,138</b>
Write off	<b>(9)</b>	—	<b>(9)</b>
As at December 31, 2025	<b>15,790</b>	<b>139</b>	<b>15,929</b>
<b>Accumulated amortisation:</b>			
As at January 1, 2024	7,661	93	7,754
Charge for the year	1,091	14	1,105
As at December 31, 2024 and January 1, 2025	<b>8,752</b>	<b>107</b>	<b>8,859</b>
Charge for the year	<b>1,163</b>	<b>14</b>	<b>1,177</b>
Eliminated on write off	<b>(4)</b>	—	<b>(4)</b>
As at December 31, 2025	<b>9,911</b>	<b>121</b>	<b>10,032</b>
<b>Carrying amounts:</b>			
As at December 31, 2025	<b>5,879</b>	<b>18</b>	<b>5,897</b>
As at December 31, 2024	4,909	32	4,941

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 20. GOODWILL AND IMPAIRMENT ASSESSMENT ON GOODWILL

	2025 RMB'000	2024 RMB'000
Carrying amount	<b>4,076</b>	4,076

In October 2020, the Group acquired 51% equity interest in Guangdong Yuntong Heavy Industry Co., Ltd. (“**Guangdong Yuntong**”). Guangdong Yuntong is principally engaged in the manufacturing of steel products. The goodwill represented the cash consideration over the fair value of identifiable assets and liabilities acquired. The goodwill is attributable to the economies of scale expected from combining the operations of the Group and the acquired businesses.

Management determined that there were no impairment on the goodwill as the recoverable amount of the relate cash-generating unit is higher than its carrying amount.

### 21. DEFERRED TAX

Details of the deferred tax assets recognised and movements are as follow.

	Unused tax losses RMB'000	Allowance for credit losses RMB'000	Temporary difference attributable to lease RMB'000	Provision for write down on inventories RMB'000	Impairment for property, plant and equipment RMB'000	Total RMB'000
As at January 1, 2024	—	15,062	30	324	—	15,416
Credit/(charge) to profit or loss (Note 13)	1,103	846	26	(96)	—	1,879
As at December 31, 2024 and January 1, 2025	<b>1,103</b>	<b>15,908</b>	<b>56</b>	<b>228</b>	—	<b>17,295</b>
Effect from foreign exchange rate (Charge)/credit to profit or loss (Note 13)	—	<b>31</b>	—	—	—	<b>31</b>
	<b>(1,103)</b>	<b>(2,119)</b>	<b>(8)</b>	<b>(50)</b>	<b>314</b>	<b>(2,966)</b>
As at December 31, 2025	—	<b>13,820</b>	<b>48</b>	<b>178</b>	<b>314</b>	<b>14,360</b>

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 21. DEFERRED TAX (Continued)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	14,360	17,295

#### Unused tax losses

No deferred tax asset has been recognised in respect of certain unused tax losses of group entities of approximately RMB44,875,000 (2024: RMB47,343,000) due to the unpredictability of future profit streams. These unrecognised tax losses may be carried forward for a period of five years from their respective year of origination.

#### Withholding taxes

No deferred tax liability has been recognised in respect of the temporary differences associated with undistributed earnings of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

### 22. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	44,100	45,428
Work-in-progress	2,941	7,616
Finished goods	7,941	11,736
Goods in transit	18,414	32,695
	<b>73,396</b>	97,475
Less: Provision for inventories	<b>(1,744)</b>	(914)
	<b>71,652</b>	96,561

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 23. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	<b>373,328</b>	555,385
Bills receivables	<b>2,880</b>	35,705
	<b>376,208</b>	591,090
Less: Provision for impairment	<b>(49,088)</b>	(69,134)
	<b>327,120</b>	521,956

The Group's trading terms with trade debtors are mainly on credit. The credit period granted to its trade debtors is generally up to 90 days from invoice.

The following is the ageing analysis of the trade and bills receivables (net of impairment losses) based on invoice dates as at the end of reporting period:

	2025 RMB'000	2024 RMB'000
Within 1 year	<b>188,398</b>	425,731
1–2 years	<b>100,695</b>	63,725
2–3 years	<b>26,347</b>	25,632
3–4 years	<b>11,680</b>	6,868
	<b>327,120</b>	521,956

#### Bills receivables

As at December 31, 2025 and 2024, bills receivables mainly represent the commercial bills issued by the corporation itself or issued by another corporation or banks then endorsed to the Group and are held by the Group for future settlement of trade receivables of which certain bills are further endorsed/refinance by the Group. All bills received by the Group are with a maturity period of less than one year.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 23. TRADE AND BILLS RECEIVABLES (Continued)

#### Transferred financial assets that are not de-recognised

At December 31, 2025, the Group endorsed certain bills receivables accepted by banks in the PRC (the “**Endorsed Bills**”) with a carrying amount of RMB1,147,000 (2024: RMB1,349,000) to certain of its suppliers in order to settle the trade payables and other payables due to such suppliers (the “**Endorsement**”).

In the opinion of the Directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables and other payables settled amounting to RMB1,147,000 (2024: RMB1,349,000). Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge to any other third parties.

#### Transferred financial assets that are de-recognised in their entirety

At December 31, 2025, the Group had Endorsed Bills with an aggregate carrying amount of RMB2,557,000 (2024: RMB5,556,000) that have been transferred and de-recognised (the “**De-recognised Bills**”). The De-recognised Bills have maturity from four to six months at the end of the reporting period. In accordance with the relevant laws and regulations in the PRC and relevant discounting arrangements with certain banks, the holders of the De-recognised Bills have a right of recourse against the Group if the accepting banks default (the “**Continuing Involvement**”).

In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the De-recognised Bills. Accordingly, it has de-recognised the full carrying amounts of the De-recognised Bills. The maximum exposure to loss from the Group’s Continuing Involvement in the De-recognised Bills and the undiscounted cash flows to repurchase these De-recognised Bills is equal to their carrying amounts. In the opinion of the Directors of the Company, the fair values of the Group’s Continuing Involvement in the De-recognised Bills are not significant.

During the year, the Group has not recognised any gain or loss on the date of transfer of the De-recognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively.

#### Expected credit loss measurement

The Group recognised impairment loss for trade and bills receivables based on the accounting policy stated in Note 4(j) of the consolidated financial statements. Further details of the Group’s credit policy and credit risk arising from trade and bills receivables are set out in Note 44(a) of the consolidated financial statements.

Movements in the loss allowance account in respect of trade receivables during the year are as follows:

	2025 RMB'000	2024 RMB'000
As at January 1,	69,134	64,432
(Reversal of impairment loss)/impairment losses recognised during the year, net	(3,496)	4,702
Amounts written off	(16,550)	—
As at December 31,	49,088	69,134

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 24. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2025 RMB'000	2024 RMB'000
Deposits and other receivables	12,291	6,935
Less: Provision for impairment	(2,284)	(2,927)
	<b>10,007</b>	4,008
Prepayments	45,072	69,726
VAT recoverable and other tax recoverable	151,248	85,139
	<b>206,327</b>	158,873
Represented as:		
Current portion	206,289	158,272
Non-current portion	38	601
	<b>206,327</b>	158,873

Except for certain deposits classified as non-current, all of the prepayments, deposits, and other receivables are expected to be recovered or recognised as expenses within one year.

#### Prepayments

	2025 RMB'000	2024 RMB'000
Prepayment for materials	17,402	17,326
Prepayment for installation services	21,523	50,036
Prepayment for marketing services	3,000	—
Others	3,147	2,364
	<b>45,072</b>	69,726

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 24. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

#### Expected credit loss measurement

Movements in the loss allowance account in respect of deposits and other receivables during the year are as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
As at January 1,	<b>2,927</b>	6,830
Reversal of impairment losses recognised during the year, net	<b>(643)</b>	(3,951)
Exchange difference	<b>—</b>	48
As at December 31,	<b>2,284</b>	2,927

### 25. CONTRACT ASSETS

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Contract assets	<b>766,246</b>	352,717
Retention receivables	<b>8,440</b>	21,202
Less: Provision for impairment	<b>774,686</b>	373,919
	<b>(34,048)</b>	(21,421)
	<b>740,638</b>	352,498
Represented as:		
Current portion	<b>739,840</b>	348,402
Non-current portion	<b>798</b>	4,096
	<b>740,638</b>	352,498

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 25. CONTRACT ASSETS (Continued)

Movements in the loss allowance account in respect of contract assets during the year are as follows:

	2025 RMB'000	2024 RMB'000
As at January 1,	21,421	16,951
Impairment losses recognised during the year, net	12,627	4,457
Exchange difference	—	13
As at December 31,	<b>34,048</b>	21,421

### 26. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

The amounts are trade nature, which are unsecured, interest-free and receivables/(repayable) accordingly to the relevant agreements.

### 27. PLEDGED DEPOSITS

Pledged bank deposits carry fixed interest rate from 0.05% to 1.00% (2024: 0.05% to 2.15%) per annum and represent deposits pledged to banks to secure short-term bank loan and banking facilities granted to the Group and are therefore classified as current assets.

### 28. RESTRICTED BANK DEPOSITS

	2025 RMB'000	2024 RMB'000
Restricted bank deposits	<b>22,314</b>	22,764

The amount represents the restricted bank deposits due to the property preservation order from the court.

As at June 30, 2023, an independent customer had applied for property preservation to freeze bank deposits amounting to RMB22,314,000 in relation to a PS building subcontracting services project contract signed on May 28, 2019. On September 19, 2023, the Group filed the counterclaim application for arbitration against the customer.

As at December 31, 2025, there have been no determinations or resolutions resulting from the arbitration process.

Further details of the dispute are set out in Note 31(ii) to the consolidated financial statements.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 29. CASH AND CASH EQUIVALENTS

As at December 31, 2025, the Group has cash and bank balances denominated in Renminbi (“RMB”) amounted to approximately RMB236,004,000 (2024: RMB104,965,000), which are deposited with banks in the Mainland China.

RMB is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks in the Mainland China that are authorised to conduct foreign exchange business.

Bank balances earn interest at floating rates based on daily bank deposit rates.

### 30. TRADE AND BILLS PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	560,303	403,947
Bills payables	132,111	96,661
	<b>692,414</b>	500,608

As at December 31, 2025 and 2024, the Group’s trade and bills payables are non-interest bearing and credit periods granted by suppliers is generally up to 90 days.

#### Ageing analysis

The ageing analysis of trade and bills payables, based on the invoice date, as of the end of each reporting period, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	627,679	461,669
1–2 years	44,729	19,274
2–3 years	9,829	14,632
Over 3 years	10,177	5,033
	<b>692,414</b>	500,608

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 31. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Payables for employee benefits and welfare	22,974	21,503
Other tax payables (Note i)	53,706	10,835
Tender and other deposits received	11,355	7,173
Payables for litigation (Note ii)	9,404	9,404
Operating expense payables	7,902	3,691
Interest payable	318	293
Others	943	2,331
	<b>106,602</b>	<b>55,230</b>

All of the other payables and accruals are unsecured, interest-free and to be settled within one year or are repayable on demand.

Notes:

- (i) Other tax payables mainly include value-added tax payables arising from sale.
- (ii) In 2019, the Company entered into a PS building subcontracting services project with a client; the project was terminated in 2020. As of December 31, 2022, RMB9,404,000 of the advance payment made by the client was recorded as contract liabilities. In May 2023, the client initiated arbitration against the Company, and the Company filed a counterclaim in September of the same year.

The amount of RMB9,404,000 had been reclassified to other payables in view of the contract termination. Based on the PRC legal advisor's opinion, the directors assessed the likelihood of a further outflow of economic benefits from this dispute as remote. As of the date of this report, the arbitration remains in progress, with no final resolution or ruling issued.

### 32. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
PS building subcontracting services	39,110	38,481
General contracting services	757	1,754
Sales of industrial environmental equipment	5,706	3,746
	<b>45,573</b>	<b>43,981</b>

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 32. CONTRACT LIABILITIES (Continued)

	2025 RMB'000	2024 RMB'000
As at January 1,	43,981	42,899
Decrease in contract liabilities as a result of billing of construction activities that was included in the contract liabilities at the beginning of the year	(38,215)	(41,705)
Increase in contract liabilities as a result of receipt in advance from customers during the year	39,807	42,787
As at December 31,	45,573	43,981

### 33. LEASE LIABILITIES

Movement of the Group's lease liabilities is analysis as follows:

	Offices RMB'000	Factory RMB'000	Total RMB'000
<b>As at January 1, 2024</b>	1,647	12,943	14,590
Addition of new leases	143	—	143
Effect of lease modification	328	(68)	260
Interest expenses (Note 9)	77	484	561
Interest element of lease payments	(77)	(484)	(561)
Principal element of lease payments	(651)	(4,838)	(5,489)
<b>As at December 31, 2024 and January 1, 2025</b>	<b>1,467</b>	<b>8,037</b>	<b>9,504</b>
Interest expenses (Note 9)	50	253	303
Interest element of lease payments	(50)	(253)	(303)
Principal element of lease payments	(676)	(4,941)	(5,617)
<b>As at December 31, 2025</b>	<b>791</b>	<b>3,096</b>	<b>3,887</b>

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 33. LEASE LIABILITIES (Continued)

Future lease payments are due as follows:

	At December 31, 2025		
	Minimum lease payments RMB'000	Interest RMB'000	Present value RMB'000
Not later than one year	3,645	56	3,589
Later than one year and not later than two years	256	7	249
Later than two years and not later than five years	49	—	49
At December 31, 2025	3,950	63	3,887

	At December 31, 2024		
	Minimum lease payments RMB'000	Interest RMB'000	Present value RMB'000
Not later than one year	5,950	302	5,648
Later than one year and not later than two years	3,645	56	3,589
Later than two years and not later than five years	274	7	267
At December 31, 2024	9,869	365	9,504

The present value of future lease payments are analysed as:

	2025 RMB'000	2024 RMB'000
Current liabilities	3,589	5,648
Non-current liabilities	298	3,856
	3,887	9,504

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 34. BANK BORROWINGS

	2025 RMB'000	2024 RMB'000
<b>Current</b>		
Guaranteed loan, secured	58,927	24,640
Guaranteed loan, unsecured	321,726	244,171
Letter of credit	30,000	44,243
	<b>410,653</b>	313,054

Notes:

As at December 31, 2025, bank borrowings denominated in RMB included the following:

- Amounts of RMB58,927,000 being secured by certain property, plant and equipment, land use rights, and pledged deposits of the Group, with fixed interest rate at 2.60% to 2.70% per annum and repayable within one year.
- Amounts of RMB321,726,000 being guaranteed by a subsidiary of the Company and personal guarantee from Directors, with fixed interest rate at 2.30% to 3.10% per annum and repayable within one year.

As at December 31, 2024, bank borrowings denominated in RMB included the following:

- Amounts of RMB24,640,000 being secured by certain property, plant and equipment, land use rights, and pledged deposits of the Group, with fixed interest rate at 3.00% to 3.10% per annum and repayable within one year.
- Amounts of RMB244,171,000 being guaranteed by a subsidiary of the Company and personal guarantee from Directors, with fixed interest rate at 3.00% to 3.90% per annum and repayable within one year.

The Directors estimated the fair value of the interest-bearing bank borrowings by discounting their future cash flows at the market rate, and the Directors considered that the carrying amounts of the Group's interest-bearing bank borrowings approximate to their fair values at reporting date.

### 35. SHARE CAPITAL

Registered domestic share capital and H Shares	Number of shares	RMB'000
As at January 1, 2024 and December 31, 2024	95,950,005	95,950
Allotment of shares (Note)	24,600,000	24,600
As at December 31, 2025	<b>120,550,005</b>	<b>120,550</b>

Note:

On December 30, 2025, an aggregate of 24,600,000 ordinary shares were issued and offered for subscription under public offer and placing, at a price of HK\$7.10 per share. The Group raised approximately HK\$174,660,000 (equivalent to RMB159,000,000) before any related listing expenses arising from the public offer and placing, resulting in an increase in the issued share capital of the Company by HK\$27,023,000 (equivalent to RMB24,600,000) and the share premium of the Company by HK\$147,637,000 (equivalent to RMB134,400,000).

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 36. SHARE-BASED PAYMENT

The Company has adopted a share award scheme (the “**Scheme**”) on September 12, 2023 for the purpose to attract and retain the best available personnel, to provide additional incentive to selected employees of the Group (the “**Participants**”) and to promote the success of the business of the Group. The Scheme shall be valid and effective from the date of adoption with a five-year vesting period (“**Vesting Period**”). Pursuant to the Scheme, the Company may grant restricted shares of the Company to Participants, and cessation of restriction is subject to the relevant employee continue his/her employment with the Group with a lock-up period during the Vesting Period.

To implement the Scheme, Shanghai Xinlianzhan Corporate Management Partnership (Limited Partnership) (“**Shanghai Xinlianzhan**”) was established as a limited partnership on May 11, 2023 as the employee awards platform to hold the underlying awarded shares of the Company and controlled by Ms. Angela Chen Mah (“**Ms. Chen**”) as executive partner of Shanghai Xinlianzhan. The source of the underlying awarded shares (shares of the Company) shall be ordinary shares allotted by the Company (Note 35). After the shares allotment, the Participants would indirectly hold the shareholding of the Company through Shanghai Xinlianzhan. The shares of Shanghai Xinlianzhan are granted to the Participants at grant price of RMB3.60, and 1 share of Shanghai Xinlianzhan represents the indirect holding of 1 share of the underlying awarded shares. The exercise price was determined based on a series of factors, including net assets per share, company valuation, and other relevant considerations. Participants shall not transfer the respective interest in Shanghai Xinlianzhan without the prior approval by the board of directors and shareholders of the Company. A Participant shall not have any interest or rights (including the rights to receive dividends) in the awarded shares prior to the vesting of the awarded shares.

The maximum number of shares which may be awarded under the scheme shall not exceed 100,000 of the total number of issued shares as at the amendment date.

As at December 31, 2025 and 2024 and the date of the annual report, the Scheme contained outstanding restricted shares of 2,150,005 shares of the Company, representing approximately 1.78% of the total issued shares of the Company. During the year ended December 31, 2025, the Company did not grant further awarded shares to the Scheme.

At the end of Vesting Period, awarded shares of the Company granted to the Participants of the Scheme will be vested and become unrestricted in various vesting periods.

The fair value of these awarded shares was calculated by reference to the fair value per share of the Company calculated under the value-in-use discounted cash flow method. For the year ended December 31, 2025, the equity-settled share-based payment charged to the profit or loss over the relevant Vesting Period was approximately RMB1,380,000 (2024: RMB1,425,000) with a corresponding increase in share-based payment reserve.

These fair values were calculated using the discounted income approach model. The key assumptions adopted into the model were as follows:

Pre-tax discount rate:	11.0%
Terminal growth rate:	0%
Annual growth rate (Year 1 to 5):	5.0%

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 36. SHARE-BASED PAYMENT (Continued)

At the end of each reporting period, the movement of the awarded shares granted by the Company pursuant to the Scheme from the date of grant are as below:

		At December 31, 2025					
Category of participant	Date of grant	Weighted average fair value per share	At beginning of the period	Granted during the period	Vested during the period	Forfeited and lapsed during the period	At the end of the period
Director	September 12, 2023	3.6	5	—	—	—	5
Employees	September 12, 2023	3.6	2,150,000	—	—	—	2,150,000
			2,150,005	—	—	—	2,150,005

		At December 31, 2024					
Category of participant	Date of grant	Weighted average fair value per share	At beginning of the period	Granted during the period	Vested during the period	Forfeited and lapsed during the period	At the end of the period
Director	September 12, 2023	3.6	5	—	—	—	5
Employees	September 12, 2023	3.6	2,150,000	—	—	—	2,150,000
			2,150,005	—	—	—	2,150,005

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 37. PURPOSE OF RESERVES

#### (a) Statutory reserve

Statutory reserve is required by the relevant laws and regulations in the PRC. The Company and its subsidiaries, which established in the PRC, is required to appropriate 10% of its net profit after tax, as determined under the PRC accounting regulation, to a statutory surplus reserve until the reserve fund reaches 50% of these companies' registered capital. It may be utilised by the Company for restricted purposes including offsetting against prior years' losses or increase the capital of the Company. The transfer of this reserve must be made before the distribution of dividend to the equity owners of these companies.

#### (b) Exchange reserve

Gains/losses arising on retranslating the net assets of foreign operations into presentation currency.

### 38. RELATED PARTY DISCLOSURES

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group also had the following significant transactions with related parties which also constitute connected transactions or continuing connected transactions as defined under Chapter 14A of the Listing Rules during the year:

#### (a) Continuing connected transactions

Connected parties	Nature of transactions	2025 RMB'000	2024 RMB'000
NCI of a subsidiary	Sale of goods	2,871	7,794
Companies controlled by NCI of a subsidiary	Purchase of goods	591	1,109

Note: The terms of the related party transactions carried out during the reporting periods were mutually agreed by the Group and the related parties.

The Company's Independent Non-executive Directors have reviewed the above continuing connected transactions and confirm the above continuing connected transactions have been entered into (1) in the ordinary and usual course of business of the Group; (2) on normal commercial terms or better; and (3) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

#### (b) Compensation of key management personnel

The Group defines directors as key management personnel and remuneration for key management personnel, including amounts paid to the Company's directors, and supervisors, are disclosed in Note 12 to consolidated financial statements.

### 39. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Non-cash transactions

##### Endorsement

The bills received from the customer with a gross carrying amount RMB1,733,000 (2024: RMB1,349,000) has been endorsed to the supplier to settle the outstanding trade payables.

##### Supplier finance arrangements

The Group entered into supplier financing arrangements with banks. Participation in these arrangements is at the suppliers' discretion. When a supplier receives a bank bill, the supplier may either hold it until maturity or redeem it early. Interest is incurred when the supplier obtains early payment from the bank; it is generally calculated based on the period from the early redemption date to the maturity date and the agreed interest rate. Consequently, any interest incurred is contingent on the supplier's independent choice. In all cases, the Group will settle the original invoice by paying the bank on the invoice due date or at a later date as agreed with the bank.

In the consolidated statements of financial position, the Group has presented the payables to the banks under these arrangements as "trade and bill payables" (Note 30), and "bank borrowings" (Note 34) amounting to RMB129,332,000 and RMB39,726,000 as at December 31, 2025 and RMB83,534,000 and RMB42,221,000 as at December 31, 2024 respectively.

Certain liabilities are presented as part of "bank borrowings" due to their nature and function of the liabilities being substantially different from the Group's trade payables to suppliers. In particular, the Group benefits from extended payment terms, averaging 180 days and 180 days after the invoice dates as at December 31, 2025 and 2024, respectively, compared to the original payment terms averaging 81 days and 81 days after the invoice dates, as at December 31, 2025 and 2024, respectively.

Changes in these liabilities mainly result from purchases of goods and services and subsequent cash settlements. As at December 31, 2025 and 2024, the portion of liabilities presented as bank borrowings under supplier finance arrangements of RMB39,726,000 and RMB42,221,000 respectively. There were no other significant non-cash changes in these liabilities.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 39. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

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

	Interest payables (Included in other payables) RMB'000 (Note 31)	Lease liabilities RMB'000 (Note 33)	Bank borrowings RMB'000 (Note 34)	Dividend payable RMB'000
<b>As at January 1, 2024</b>	301	14,590	273,639	19,190
<b>Changes from financing cash inflows/(outflow):</b>				
Proceeds from bank borrowings	—	—	449,696	—
Repayment of bank borrowings	—	—	(410,281)	—
Interest paid	(8,246)	—	—	—
Repayment of principal portion of the lease liabilities	—	(5,489)	—	—
Repayment of interest portion of the lease liabilities	—	(561)	—	—
Dividend paid	—	—	—	(19,190)
Total changes from financing cash flows	(8,246)	(6,050)	31,177	(19,190)
<b>Other changes:</b>				
Interest expense (Note 9)	8,238	561	—	—
New leases	—	143	—	—
Effect of lease modification	—	260	—	—
<b>As at December 31, 2024 and January 1, 2025</b>	293	9,504	313,054	—

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 39. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

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

	Interest payables (Included in other payables) RMB'000 (Note 31)	Lease liabilities RMB'000 (Note 33)	Bank borrowings RMB'000 (Note 34)	Dividend payable RMB'000
<b>As at December 31, 2024 and January 1, 2025</b>	<b>293</b>	<b>9,504</b>	<b>313,054</b>	<b>—</b>
<b>Changes from financing cash inflows/(outflow):</b>				
Proceeds from bank borrowings	—	—	<b>479,344</b>	—
Repayment of bank borrowings	—	—	<b>(381,745)</b>	—
Interest paid	<b>(10,489)</b>	—	—	—
Repayment of principal portion of the lease liabilities	—	<b>(5,617)</b>	—	—
Repayment of interest portion of the lease liabilities	—	<b>(303)</b>	—	—
Dividend paid	—	—	—	<b>(27,826)</b>
Total changes from financing cash flows	<b>(10,489)</b>	<b>(5,920)</b>	<b>97,599</b>	<b>(27,826)</b>
<b>Other changes:</b>				
Interest expense (Note 9)	<b>10,514</b>	<b>303</b>	—	—
Dividend declared (Note 15)	—	—	—	<b>27,826</b>
<b>As at December 31, 2025</b>	<b>318</b>	<b>3,887</b>	<b>410,653</b>	<b>—</b>

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 40. NON-CONTROLLING INTERESTS

MEGA Construction (Jiangsu) Company Limited (“**MEGA Construction**”), a 51% owned subsidiary of the Company, has material non-controlling interests. Except MEGA Construction, the non-controlling interests of all other subsidiaries that are not 100% owned by the Company are considered to be immaterial.

Summarized financial information in relation to the non-controlling interests of MEGA Construction before intra-group eliminations are presented below:

<b>MEGA Construction</b>	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
<b>As at December 31,</b>		
Current assets	<b>247,814</b>	162,407
Non-current assets	<b>792</b>	1,194
Current liabilities	<b>(171,033)</b>	(89,646)
Non-current liabilities	<b>—</b>	(202)
Equity attributable to owners of the Company	<b>82,808</b>	80,231
Equity attributable to non-controlling interests	<b>(5,235)</b>	(6,478)
<b>For the years ended December 31,</b>		
Revenue	<b>299,926</b>	182,540
Profit/(loss) and total comprehensive income attributable to owners of the Company	<b>1,294</b>	(3,775)
Profit/(loss) and total comprehensive income attributable to non-controlling interest	<b>1,243</b>	(3,628)
Profit/(loss) for the year	<b>2,537</b>	(7,403)
<b>For the years ended December 31,</b>		
Net cash outflow from operating activities	<b>(16,958)</b>	(13,099)
Net cash inflow from investing activities	<b>—</b>	20,029
Net cash outflow from financing activities	<b>(242)</b>	(197)

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 41. COMMITMENT

#### A. Operating lease commitment

##### The Group as lessor

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 4 years. None of the leases includes variable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the group in future periods as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Within one year	—	1,495

#### B. Capital commitments

In addition to those capital commitments disclosed elsewhere in the consolidated financial statements, the Group had capital commitments as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Contracted, but not provided for:		
— Acquisition of property, plant and equipment	<b>727</b>	—
— Acquisition of intangible assets	<b>648</b>	—
	<b>1,375</b>	—

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 42. CAPITAL RISK MANAGEMENT

The Group's objectives of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The capital structure of the Group consists of equity attributable to owners of the Company only, comprising share capital and reserves.

The Group's gearing ratio, defined as the total bank borrowings over total equity, as at December 31, 2025 and 2024 were as follows:

	2025 RMB'000	2024 RMB'000
Bank borrowing	<b>410,653</b>	313,054
Equity	<b>661,924</b>	471,692
Gearing ratio	<b>62.0%</b>	66.4%

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount of financial assets and liabilities:

	2025 RMB'000	2024 RMB'000
<b>Financial assets at FVTOCI:</b>		
Bills receivables	2,825	34,330
<b>Financial assets at amortised cost:</b>		
Trade receivables	324,295	487,626
Deposits and other receivables	10,007	4,008
Amount due from a related company	117	—
Pledged deposits	37,535	24,815
Restricted bank balance	22,314	22,764
Cash and cash equivalents	419,503	110,920
	<b>813,771</b>	650,133
<b>Financial liabilities at amortised cost:</b>		
Trade and bills payables	692,414	500,608
Other payables and accruals	52,896	22,892
Amounts due to related companies	264	278
Bank borrowings	410,653	313,054
	<b>1,156,227</b>	836,832
<b>Lease liabilities</b>	<b>3,887</b>	9,504

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 44. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk, currency risk, commodity price risk and fair value risk. These risks are limited by the Group's financial management policies and practices described below:

#### (a) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instruments and cause a financial loss to the Group.

The Group's credit risk is primarily attributable to its trade and bills receivables (Note 23), other receivables and deposits (Note 24), contract assets (Note 25), pledged deposits (Note 27), restricted balance (Note 28) and cash and cash equivalents (Note 29). Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group and the Company's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position at the end of each reporting period. The Group do not hold any collateral or other credit enhancements to cover the credit risks associated with its financial assets.

#### Trade and bills receivables and contract assets

In order to minimise the credit risk in relation to trade and bills receivables and contract assets, credit limits and credit terms granted to customers are approved by delegated officers and follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual receivables at end of reporting period to ensure that adequate impairment losses are estimated and made for irrecoverable amounts.

The Group has concentration of credit risk on the trade and bills receivables and contract assets from the largest customer amounted to approximately RMB389,350,000 (2024: RMB326,160,000) representing 47.68% (2024: 47.70%) of total financial assets at amortized cost as at December 31, 2025. The Group monitors the level of exposure to ensure that follow up actions and/or corrective actions are taken promptly to lower the risk exposure.

Other than the concentration of credit risk mentioned above, the Group does not have any other significant concentration of credit risk. Trade and bills receivables and contract assets consist of a large number of customers, spread across diverse industries and geographical areas.

The Group and the Company always recognize lifetime ECL for trade and bills receivables and contract assets. In respect of trade and bills receivables and contract assets, individual credit evaluation are performed for those debtors with material outstanding balance or credit-impaired, the Group and the Company measure the ECLs by performing impairment assessment under the ECL model on remaining trade and bills receivables and the contract assets collectively based on shared credit risk characteristics by reference to the Group and the Company's internal credit rating.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 44. FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Credit risk (Continued)

##### Other receivables and deposits

The Group measures the loss allowance equal to 12-month ECL of other receivables and deposits. For those balance expected to be significant increase in credit risk since initial recognition, the Group apply lifetime ECL based on ageing for classes with different credit risk characteristics and exposures.

##### Bills receivables, pledged deposits, restricted balance and cash and cash equivalents

The credit risk for bills receivables, pledged deposits, restricted balance and cash and cash equivalent are limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies. There has been no history of default in relation to these banks. The Group performs impairment assessment on these balances under 12-months ECL model. The management of the Group and the Company considers the risk of default is regarded as low based on the average loss rate by reference to credit rating assigned by credit-rating agencies.

As at December 31, 2025 and 2024, the Group assessed that the ECL for bills receivables, pledged deposits, restricted balance and cash and cash equivalent were insignificant.

The Group's internal credit risk grading assessment comprises the following categories:

Category	Description	Trade and bills receivables and contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL — not credit-impaired	12-months ECL
Performing	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12-months ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
In default	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 44. FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Credit risk (Continued)

The table below details the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	External credit rating %	12-months ECL or lifetime ECL	2025 RMB'000	2024 RMB'000
<b>Financial assets amortised</b>				
Trade receivables (Note i)	N/A	Lifetime ECL	<b>200,885</b>	249,270
	AAA (Customer A)	Lifetime ECL	<b>172,443</b>	306,115
			<b>373,328</b>	555,385
Contract assets (Note ii)	N/A	Lifetime ECL	<b>559,512</b>	167,168
	AAA (Customer A)	Lifetime ECL	<b>215,174</b>	206,751
			<b>774,686</b>	373,919
Deposits and other receivables (Note iii)	N/A	12-months ECL	<b>9,730</b>	4,935
		Lifetime ECL	<b>2,561</b>	2,000
			<b>12,291</b>	6,935
Pledged deposits (Note iv)	AAA to AA	12-months ECL	<b>37,535</b>	24,815
Restricted balance (Note iv)	AAA to AA	12-months ECL	<b>22,314</b>	22,764
Cash and cash equivalents (Note iv)	AAA to AA	12-months ECL	<b>419,503</b>	110,920
<b>Financial assets at FVTOCI</b>				
Bills receivables (Note i)	N/A	Lifetime ECL	<b>1,147</b>	1,639
	AAA (Customer A)	Lifetime ECL	<b>1,733</b>	34,066
			<b>2,880</b>	35,705

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 44. FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Credit risk (Continued)

##### (i) Trade and bills receivables

For trade and bills receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for the debtor with material outstanding balance or credit-impaired which assess expected credit losses on individual basis, the Group determines the expected credit losses on these items by using a provision matrix, grouped by internal credit rating with reference to past due status.

As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment for its customers because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade and bills receivables which are assessed individually or based on provision matrix as at December 31, 2025 and 2024 within lifetime ECL.

##### **Collective assessed balance**

Internal credit rating	2025		2024	
	Average loss rate %	Gross carrying amount of trade and bills receivables RMB'000	Average loss rate %	Gross carrying amount of trade and bills receivables RMB'000
Low risk	4.06%	88,847	8.51%	136,105
Performing	29.65%	53,194	17.19%	79,225
Doubtful	93.42%	596	52.21%	8,599
		<b>142,637</b>		<b>223,929</b>

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 44. FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Credit risk (Continued)

##### (i) Trade and bills receivables (Continued)

###### **Individually assessed balances**

Included in trade and bills receivables, bills receivables measured at FVTOCI comprises bank acceptance bills amounting to RMB1,147,000 as at December 31, 2025 (2024: RMB1,639,000). The directors of the Company assess the credit risk associated with these bank acceptance bills as low, given the stringent regulatory requirements governing the issuing banks. Consequently, the directors consider the ECL to be immaterial.

Trade receivables from customers experiencing known financial difficulties or where significant doubt exists regarding collectability are individually assessed for impairment. As at December 31, 2025 and 2024, trade receivables identified as in default based on the Group's internal credit rating, except for those balance with credit enhancement, against which legal action has been initiated and for which full impairment loss has been recognised by the Group, amounted to RMB4,846,000 and RMB21,886,000 respectively. Additionally, trade receivables identified as in default based on internal credit rating, where legal action has not yet been pursued but full impairment loss have been recognised by the Group, totaled RMB4,187,000 and RMB3,455,000 as at December 31, 2025 and 2024 respectively.

###### *Customer A*

External credit rating	2025		2024	
	Average loss rate	Gross carrying amount of trade and bills receivables	Average loss rate	Gross carrying amount of trade and bills receivables
	%	RMB'000	%	RMB'000
AAA	3.11%	168,759	4.73%	340,181

Included in the balance of Customer A, the bills receivables represented by the commercial bills issued by the customer amounting to RMB1,733,000 as at December 31, 2025 (2024: RMB34,066,000), respectively. As the credit risk of these commercial bills share the same credit risk with the trade receivables of Customer A, these bills have been combined with the trade receivables in assessing the ECLs by management.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 44. FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Credit risk (Continued)

##### (ii) Contract assets

For the purpose of internal credit risk assessment, the contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the past due status for trade receivables is a reasonable basis of the internal credit rating and approximation of the loss rates for contract assets.

##### Collective assessed balance

Internal credit rating	2025		2024	
	Average loss rate %	Gross carrying amount of contract assets RMB'000	Average loss rate %	Gross carrying amount of contract assets RMB'000
Low risk	4.70%	533,231	8.51%	167,168

##### Customer A

External credit rating	2025		2024	
	Average loss rate %	Gross carrying amount of contract assets RMB'000	Average loss rate %	Gross carrying amount of contract assets RMB'000
AAA	3.61%	207,407	4.22%	206,751

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 44. FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Credit risk (Continued)

##### (ii) Contract assets (Continued)

##### **Collective assessed balance (Continued)**

##### *Customer A (Continued)*

The following table shows the summarized movement in lifetime ECL that has been recognised for contract assets:

	<b>Lifetime ECL (non-credit impaired) RMB'000</b>
At January 1, 2024	16,951
Provision for impairment loss	4,457
Exchange difference	13
	<b>21,421</b>
As at December 31, 2024 and January 1, 2025	<b>21,421</b>
Provision for impairment loss	<b>12,627</b>
	<b>34,048</b>
As at December 31, 2025	<b>34,048</b>

##### (iii) Other receivables and deposits

For the purpose of internal credit risk management, the Group uses past due information to assess whether the credit risk of following financial assets has increased significantly since initial recognition.

<b>At December 31, 2025</b>	<b>Internal credit rating</b>	<b>Past due RMB'000</b>	<b>Not past due/No fixed repayment terms RMB'000</b>	<b>Total RMB'000</b>
Gross carrying amount				
Other receivables and deposits	Performing	—	<b>9,730</b>	<b>9,730</b>
	In default	<b>2,561</b>	—	<b>2,561</b>
		<b>2,561</b>	<b>9,730</b>	<b>12,291</b>

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 44. FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Credit risk (Continued)

##### (iii) Other receivables and deposits (Continued)

At December 31, 2024	Internal credit rating	Past due RMB'000	Not past due/No fixed repayment terms RMB'000	Total RMB'000
Gross carrying amount				
Other receivables and deposits	Performing	—	4,935	4,935
	In default	2,000	—	2,000
		2,000	4,935	6,935

The Group measures loss allowance for deposits and other receivables based on 12-month ECLs. For the year ended December 31, 2025, impairment loss on deposits and other receivables approximately of RMB2,284,000 (2024: RMB2,927,000) was recognised in the profit or loss with reference to the corresponding debtors' historical settlement records and the management's experience. The Group does not hold any collateral over these balances.

##### (iv) Pledged deposits, restricted balance and cash and cash equivalents

The credit risk is limited because the counterparties are banks and financial institutions with high reputation, the directors consider the ECL is insignificant.

##### (v) Concentration risk

The Group's concentration of credit risk on the trade receivables as at December 31, 2025 and 2024 included five major counterparties accounting for 66.24% and 77.38% of the trade receivables respectively. The Group has closely monitored the recoverability of the receivables from these counterparties and taken effective measures to ensure timely collection of outstanding balances. The Group has not obtained collateral from customers but receives deposits from certain customers.

The Group is exposed to the concentration of geographic risk on revenue which is generated mostly from customers located in the PRC. The Group has closely monitored the business performance of these customers in the PRC.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 44. FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liability that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of the settlement of trade and bills payables, other payables and accruals, amounts due to related companies, bank borrowings and lease liabilities, and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain a prudent liquidity risk management which is to maintain sufficient cash and cash equivalents as well as to make available of fund through adequate amounts of committed credit facilities and the ability to close out market positions. 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 adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The liquidity policy have been followed by the Group since prior years and is considered to have been effective in managing liquidity risk.

The Group entered into supplier finance arrangement to ease access to credit for its suppliers and facilitate early settlement to the suppliers. A substantial portion of the Group's bank borrowings is subject to supplier finance arrangement with a few financial institutions, this results in the Group having obligation of settlement concentrated in those parties. Details of the arrangements are set out in Note 39(a) of the consolidated financial statements.

The following table details the Group's remaining contractual maturity for its financial liabilities and lease liabilities, based on the undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on rates ruling at the end of each reporting period) and the earliest date the Group and the Company can be required to pay.

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000
<b>December 31, 2025</b>					
Trade and bills payables	692,414	692,414	692,414	—	—
Other payables and accruals	52,896	52,896	52,896	—	—
Bank borrowings	410,653	410,972	410,972	—	—
Amounts due to related companies	264	264	264	—	—
Lease liabilities	3,887	3,950	3,645	256	749
	<b>1,160,114</b>	<b>1,160,496</b>	<b>1,160,191</b>	<b>256</b>	<b>749</b>

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 44. FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Liquidity risk (Continued)

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000
<b>December 31, 2024</b>					
Trade and bills payables	500,608	500,608	500,608	—	—
Other payables and accruals	22,892	22,892	22,892	—	—
Bank borrowings	313,054	313,347	313,347	—	—
Amounts due to related companies	278	278	278	—	—
Lease liabilities	9,504	9,869	5,950	3,645	274
	846,336	846,994	843,075	3,645	274

#### (c) Interest rate risk

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

Other than pledged deposits, restricted bank balance and cash and cash equivalents, the Group and the Company do not have any other significant interest-bearing financial assets and liabilities. Any change in the interest rate promulgated by banks from time to time is not considered to have a material impact to the Group and the Company.

As at December 31, 2025 and 2024, the Group's and the Company's fair value interest rate risk primarily related to interest-bearing bank borrowings (Note 34) at fixed interest rate and lease liabilities (Note 33) at fixed incremental borrowing rate. The Group and the Company currently do not have a fair value hedging policy. The Group's and the Company fair value interest rate risk exposure was not expected to have a material impact on its fair value given the changes of the underlying interest rate was not expected to be material.

#### (d) Currency risk

The Group mainly operated in the PRC with most of the transactions settled in RMB and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 44. FINANCIAL RISK MANAGEMENT (Continued)

#### (e) Commodity price risk

The Group is engaged in steel structure engineering projects, which require substantial amounts of steel as a primary raw material. The prices of steel are influenced by global supply and demand dynamics, as well as regional market conditions. To mitigate potential commodity price risk, the Group has implemented measures to shorten the time between budget preparation and steel ordering. This approach allows the Group to respond quickly to market fluctuations and secure current pricing before significant increases occur.

The management believes that by streamlining internal processes for budget approvals and enhancing communication between project and procurement teams, they can effectively reduce their exposure to steel price volatility. Although the Group does not currently engage in long-term supply contracts, the proactive strategy of expedited ordering is expected to align procurement closely with project timelines and funding availability.

While there may still be some residual price risk due to the nature of the market, management does not anticipate significant exposure as these measures are anticipated to be effective in managing commodity price fluctuations. The Group continues to monitor market trends and adjust its strategies accordingly to maintain cost efficiency and project viability.

#### (f) Fair value risk

The fair values of financial assets and financial liabilities are determined based on discounted cash flow analysis. The Directors considered that, due to their short term nature, the carrying amounts of the financial assets and financial liabilities at amortised cost in the consolidated statement of financial position approximates to their fair values.

A number of assets and liabilities included in the consolidated financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial assets and liabilities utilised market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable inputs used in the valuation technique utilised are fair value hierarchy ("**Fair Value Hierarchy**").

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 44. FINANCIAL RISK MANAGEMENT (Continued)

#### (f) Fair value risk (Continued)

The following table provides an analysis of financial instruments carried at fair value by level of Fair Value Hierarchy:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>December 31, 2025</b>				
Financial asset at FVTOCI				
— Bills receivables	—	2,825	—	2,825
<b>December 31, 2024</b>				
Financial asset at FVTOCI				
— Bills receivables	—	34,330	—	34,330

The fair value of the bills receivables has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

During the years ended December 31, 2025 and 2024, there was no transfer between level 1 and level 2 Fair Value Hierarchy or transfer into or out of level 3.

The Directors consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortized cost in the financial statement approximate to their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2025 RMB'000	2024 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		15,188	15,848
Investment properties		1,797	1,867
Right-of-use assets		1,936	2,303
Intangible assets		5,744	4,752
Investments in subsidiaries	46(a)	113,924	113,851
Contract assets		799	4,096
Deposits		38	33
Deferred tax assets		7,732	10,278
Total non-current assets		147,158	153,028
<b>Current assets</b>			
Inventories		9,517	—
Trade and bills receivables		152,583	214,500
Income tax recoverable		159	527
Prepayments, deposits and other receivables		360,756	84,514
Contract assets		192,478	100,636
Amounts due from subsidiaries	46(b)	—	260,885
Pledged deposits		13,766	13,114
Restricted bank balance		22,314	22,764
Cash and cash equivalents		200,181	15,078
Total current assets		951,754	712,018
<b>Current liabilities</b>			
Trade and bills payables		276,964	222,284
Other payables and accruals		49,853	43,912
Contract liabilities		25,800	22,026
Lease liabilities		341	326
Amounts due to subsidiaries	46(b)	—	4,305
Bank borrowings		259,271	259,868
Total current liabilities		612,229	552,721
<b>Net current assets</b>		339,525	159,297
<b>Total assets less current liabilities</b>		486,683	312,325
<b>Non-current liabilities</b>			
Lease liabilities		267	608

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	Notes	2025 RMB'000	2024 RMB'000
Total non-current liabilities		267	608
<b>Net assets</b>		<b>486,416</b>	311,717
<b>Capital and reserves</b>			
Share capital		120,550	95,950
Reserves	46(c)	365,866	215,767
<b>Total equity</b>		<b>486,416</b>	311,717

On behalf of the directors

\_\_\_\_\_  
**Mr. Brian B. Y. Chen**  
Director

\_\_\_\_\_  
**Ms. Angela Chen Mah**  
Director

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 46. SUMMARIES OF FINANCIAL INFORMATION OF THE COMPANY

#### (a) Investments in subsidiaries

Particulars of the Company's principal subsidiaries at December 31, 2025 and 2024 were as follows:

Name of subsidiaries	Place of operation and incorporation and kind of legal entity	Issued and paid-up capital	Particulars of registered capital	% of shareholding held by the Group		Principal activities
				2025	2024	
<b>Directly held</b>						
USAS Building System (Suzhou) Co., Ltd. ("USAS Suzhou") (美聯鋼結構建築系統(蘇州)有限公司)	The PRC, Limited liability company	RMB52,180,000	RMB52,180,000	<b>100%</b>	100%	PS building subcontracting services
MEGA Construction (Jiangsu) Company Limited (美構建設(江蘇)有限公司)	The PRC, Limited liability company	RMB100,800,000	RMB100,800,000	<b>51%</b>	51%	General contracting services
Guangdong Yuntong Heavy Industries Co., Ltd. (廣東運通重工有限公司)	The PRC, Limited liability company	RMB11,000,000	RMB11,000,000	<b>51%</b>	51%	Industrial environmental equipment
<b>Indirectly held</b>						
Behlen Agricultural Technology (Shanghai) Co., Limited (貝倫農業科技(上海)有限公司)	The PRC, Limited liability company	RMB8,750,000	RMB8,750,000	<b>60%</b>	60%	Industrial environmental equipment
MBS Buildings Co., Ltd.	Thailand, Limited liability company	THB5,000,000	THB5,000,000	<b>87%</b>	100%	PS building subcontracting services

Note:

The English names of all subsidiaries established in the PRC are translated for identification purpose only.

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### 46. SUMMARIES OF FINANCIAL INFORMATION OF THE COMPANY (Continued)

#### (b) Amounts due from/(to) subsidiaries

Amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

#### (c) Reserves of the Company

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Share-based payment reserve RMB'000	Statutory reserves RMB'000	Safety production reserves RMB'000	Accumulated profits RMB'000	Total RMB'000
As at January 1, 2024	39,609	356	32,960	2,985	125,389	201,299
Profit for the year	—	—	—	—	13,043	12,043
Recognition of share-based payments	—	1,425	—	—	—	1,425
Appropriation to statutory reserves	—	—	1,778	—	(1,778)	—
Appropriation to safety production reserve, net	—	—	—	696	(696)	—
As at December 31, 2024 and January 1, 2025	<b>39,609</b>	<b>1,781</b>	<b>34,738</b>	<b>3,681</b>	<b>135,958</b>	<b>215,767</b>
Profit for the year	—	—	—	—	50,505	50,505
Dividend paid	—	—	—	—	(27,826)	(27,826)
Share allotment	126,113	—	—	—	—	126,113
Recognition of share-based payments	—	1,307	—	—	—	1,307
Appropriation to statutory reserves	—	—	4,766	—	(4,766)	—
Appropriation to safety production reserve, net	—	—	—	2,995	(2,995)	—
As at December 31, 2025	<b>165,722</b>	<b>3,088</b>	<b>39,504</b>	<b>6,676</b>	<b>150,876</b>	<b>365,866</b>

## Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

### **47. EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in this report, the Group had no significant events from the end of the reporting period and up to the date of this report.

### **48. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements were approved and authorised for issue by the board of directors on March 26, 2026.

## Financial Summary


	Year ended December 31,/As at December 31,			
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000
Revenue	<b>2,294,079</b>	1,523,033	1,453,178	1,902,842
Gross Profit	<b>230,135</b>	190,458	214,650	242,601
Profit for the year	<b>65,812</b>	70,783	62,132	87,706
— Profit attributable to owners of the Company	<b>65,647</b>	74,639	64,181	88,907
Non-current Assets	<b>101,159</b>	117,160	157,660	158,226
Current assets	<b>1,826,638</b>	1,284,646	1,053,943	1,016,097
Total assets	<b>1,927,797</b>	1,401,806	1,211,603	1,174,323
Non-current liabilities	<b>298</b>	3,856	9,195	1,960
Current liabilities	<b>1,265,575</b>	926,258	802,319	872,510
Total liabilities	<b>1,265,873</b>	930,114	811,514	874,470
Total equity	<b>661,924</b>	471,692	400,089	299,853
— Total equity attributable to owners of the Company	<b>624,148</b>	434,081	358,622	296,310

Note: The Company was listed on the Main Board of the Stock Exchange on December 30, 2025. The Company published financial information since 2022 in the Prospectus, and therefore the above table sets out the financial highlights for the four accounting years since 2022.

# Definitions

“Articles” or “Articles of Association”	the articles of association of our Company adopted on September 5, 2025 with effect upon Listing (as amended from time to time)
“Audit Committee”	the audit committee of our Board
“Behlen Agricultural”	Behlen Agricultural Technology (Shanghai) Co., Ltd. (貝倫農業科技(上海)有限公司), a limited liability company established under the laws of the PRC on July 2, 2020, a non-wholly owned subsidiary of our Company
“Board” or “Board of Directors”	the board of Directors
“Broad Vision”	Broad Vision International Group Limited (博盛國際(集團)有限公司), a limited liability company established under the laws of Hong Kong on March 2, 2011, one of our Controlling Shareholders
“China” or “the PRC”	the People’s Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires otherwise, references in this prospectus to “China” and “the PRC” do not apply to Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	USAS Building System (Shanghai) Co., Ltd. (美聯鋼結構建築系統(上海)股份有限公司), a joint stock company incorporated in the PRC with limited liability, the predecessor of which was United Metal Building System (Shanghai) Co., Ltd. (美聯鋼結構建築系統(上海)有限公司), and formerly known as United Steel Buildings (Shanghai) Co., Ltd. (美聯鋼結構建材(上海)有限公司), a limited liability company incorporated in the PRC on April 17, 1999, and was converted into a joint stock limited liability company on April 12, 2012
“Corporate Governance Code” or “CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of our Company
“ERP”	Enterprise Resource Planning (ERP), a system of integrated software applications that manages day-to-day business processes and operations across finance, human resources, procurement, distribution, supply chain, and other functions
“ESG”	Environment, social and corporate governance

“Global Offering”	the global offering of an aggregate of 24,600,000 H Shares by the Company, details of which are set out in the Company’s prospectus dated December 18, 2025
“Group”, “our Group”, “our”, “we”, or “us”	the Company and all of its subsidiaries, or any one of them as the context may require
“Guangdong Yuntong”	Guangdong Yuntong Heavy Industry Co., Ltd. (廣東運通重工有限公司), a limited liability company established under the laws of the PRC on March 26, 2018, a non-wholly owned subsidiary of our Company
“H Share(s)”	overseas listed foreign share(s) in our ordinary share capital with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and for which an application has been made for listing and permission to trade on the Stock Exchange
“Hopeway (Thai)”	Hopeway (Thai) Co., Ltd., a limited liability company established under the laws of Thailand on December 18, 2023, a non wholly-owned subsidiary of our Company
“labor subcontracting”	outsourcing of construction labor to third-party contractors for on-site project execution
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“MBS (Thai)”	MBS Buildings Co., Ltd., a limited liability company established under the laws of Thailand on December 15, 2023, a non wholly-owned subsidiary of our Company
“MEGA Construction”	MEGA Construction (Jiangsu) Co., Ltd. (美構建設(江蘇)有限公司), a limited liability company established under the laws of the PRC on June 5, 2018, a non-wholly owned subsidiary of our Company
“Mr. Chen”	Mr. Brian B.Y. Chen (陳博彥), our founder, chairman of the Board, executive Director, and one of our Controlling Shareholders
“Ms. Chen”	Ms. Angela Chen Mah (陳嘉琪), our founder, executive Director, and one of our Controlling Shareholders
“Nomination Committee”	the nomination committee of our Board
“outsourced product provider(s)”	external suppliers providing specialized components, particularly for large structural elements in prefabricated steel systems



## Definitions

“PRC Company Law”	the Company Law of the People’s Republic of China (《中華人民共和國公司法》)
“Remuneration Committee”	the remuneration committee of our Board
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Reporting Period”	the year ended December 31, 2025
“RM”	Ringgit, the lawful currency of Malaysia
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
“Shanghai Xianglian”	Shanghai Xianglian Corporate Management Partnership (Limited Partnership) (上海向聯企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on August 4, 2017, one of the employee incentive platforms and one of our Controlling Shareholders
“Shanghai Xinlianzhan”	Shanghai Xinlianzhan Corporate Management Partnership (Limited Partnership) (上海昕聯展企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on May 11, 2023, one of the employee incentive platforms and one of our Controlling Shareholders
“Shanghai Yiguan”	Shanghai Yiguan Corporate Management Center (Limited Partnership) (上海倚觀企業管理中心(有限合夥)), a limited partnership established under the laws of the PRC on September 1, 2017, one of our Pre-IPO Investors
“Strategy Committee”	the strategy committee of our Board
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	member(s) of our Supervisory Committee
“Supervisory Committee”	the supervisory committee of our Company
“Thai Baht” or “THB”	the lawful currency of Thailand
“USAS Suzhou”	USAS Building System (Suzhou) Co., Ltd. (美聯鋼結構建築系統(蘇州)有限公司), a limited liability company established under the laws of the PRC on September 9, 2009, a wholly-owned subsidiary of our Company