



Anhui Conch Material Technology Co., Ltd.
安徽海螺材料科技股份有限公司

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

Stock Code: 2560



ANNUAL REPORT
2025

CONTENTS

Definitions	2
I. Corporate Information	4
II. Financial Highlights	6
III. 2025 Key Highlights of Conch Mat Tech	7
IV. Business Review and Outlook	10
V. Management Discussion and Analysis	14
VI. Corporate Governance Report	22
VII. Report of the Directors	47
VIII. Biographies of Directors and Senior Management	73
IX. Independent Auditor's Report	79
X. Consolidated Statement of Profit or Loss	85
XI. Consolidated Statement of Profit or Loss and Other Comprehensive Income	86
XII. Consolidated Statement of Financial Position	87
XIII. Consolidated Statement of Changes in Equity	89
XIV. Consolidated Cash Flow Statement	91
XV. Notes to the Consolidated Financial Statements	92



DEFINITIONS

“AGM”	the 2025 annual general meeting to be held by the Company on Wednesday, 20 May 2026
“Articles of Association”	the articles of association of the Company, as amended or supplemented from time to time
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“Board Committees”	collectively, the Audit Committee, the Nomination Committee and the Remuneration Committee
“CG Code”	Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Company” or “Conch Mat Tech”	Anhui Conch Material Technology Co., Ltd. (安徽海螺材料科技股份有限公司), a joint stock limited liability company established under the laws of the PRC, the H Shares of which are listed on the Main Board of the Stock Exchange
“Conch Holdings”	Anhui Conch Holdings Company Limited* (安徽海螺集團有限責任公司)
“Conch Tech Innovation”	Anhui Conch Technology Innovation Material Co., Ltd.* (安徽海螺科創材料有限責任公司) (formerly known as Anhui Conch Investment Co., Ltd.* (安徽海螺投資有限責任公司))
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which are unlisted on any stock exchanges
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“Global Offering”	the Hong Kong public offering and the international offering of the Company
“Group”, “we”, “our” or “us”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
“H Shareholder(s)”	holder(s) of H Share(s)
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing”	the listing of the H Shares of the Company on the Main Board of the Stock Exchange
“Listing Date”	9 January 2025, on which the H Shares of the Company are listed on the Main Board of the Stock Exchange

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“PRC” or “China”	the People’s Republic of China, excluding for the purposes of this report only, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Final Dividend”	a final cash dividend for the year ended 31 December 2025 proposed to be paid by the Board
“Prospectus”	the prospectus of the Company dated 31 December 2024
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the year ended 31 December 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the capital of the Company, with a nominal value of RMB1.00 each, comprising our Domestic Shares and our H Shares
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

I. CORPORATE INFORMATION

(I) COMPANY NAME

REGISTERED CHINESE NAME OF THE COMPANY:

安徽海螺材料科技股份有限公司

CHINESE ABBREVIATION: 海螺材料科技

REGISTERED ENGLISH NAME OF THE COMPANY:

Anhui Conch Material Technology Co., Ltd.

ENGLISH ABBREVIATION: Conch Mat Tech

(II) BOARD OF DIRECTORS

Executive Directors

Mr. Chen Feng (陳烽)

(General manager and chief executive officer)

Mr. Bai Lin (柏林)

Non-executive Directors

Mr. Ding Feng (丁鋒) *(Chairman of the Board)*

Mr. Feng Fangbo (馮方波)

(Vice-chairman of the Board)

Mr. Zhao Hongyi (趙洪義)

(Vice-chairman of the Board)

Mr. Jin Feng (金峰)

Mr. Fan Haibin (范海濱)

Independent Non-executive Directors

Mr. Li Jiang (李江)

Mr. Chen Jiemiao (陳結淼)

Ms. Xu Xu (許煦)

Ms. Zeng Xiangfei (曾祥飛)

(III) AUDIT COMMITTEE

Ms. Xu Xu (許煦) *(Chairlady)*

Mr. Li Jiang (李江)

Mr. Chen Jiemiao (陳結淼)

Ms. Zeng Xiangfei (曾祥飛)

(IV) REMUNERATION COMMITTEE

Ms. Zeng Xiangfei (曾祥飛) *(Chairlady)*

Mr. Li Jiang (李江)

Mr. Chen Jiemiao (陳結淼)

(appointed on 30 July 2025)

Mr. Chen Feng (陳烽) *(resigned on 30 July 2025)*

(V) NOMINATION COMMITTEE

Mr. Ding Feng (丁鋒) *(Chairman)*

Mr. Li Jiang (李江)

Mr. Chen Jiemiao (陳結淼)

Ms. Zeng Xiangfei (曾祥飛)

(appointed on 26 June 2025)

Mr. Chen Feng (陳烽) *(appointed on 30 July 2025)*

(VI) JOINT COMPANY SECRETARIES

Mr. Sun Huadong (孫華東)

(appointed on 2 July 2025)

Mr. Lee Leong Yin (李亮賢) *(FCG, HKFCG)*

Mr. Ning Jitai (寧紀太) *(resigned on 2 July 2025)*

I. CORPORATE INFORMATION

(VII) AUTHORISED REPRESENTATIVES

Mr. Bai Lin (柏林)
Mr. Lee Leong Yin (李亮賢) (FCG, HKFCG)

(VIII) HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 1-301, G Zone,
Jiangbei New District Construction Headquarters,
150 Meters South of Tongjiang Avenue,
Wanjiang Jiangbei Emerging Industry Concentration
Zone (except the Trusteeship Area),
Wuhu City, Anhui Province, China

(IX) EMAIL ADDRESS OF THE COMPANY

hlkjgf_conch@163.com

(X) COMPANY WEBSITE

www.conchmst.com

(XI) PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1920, 19/F, Lee Garden One,
33 Hysan Avenue, Causeway Bay, Hong Kong

(XII) HONG KONG LEGAL ADVISER

Eric Chow & Co.
in Association with Commerce & Finance Law
Offices
3401, Alexandra House
18 Chater Road
Central
Hong Kong

(XIII) COMPLIANCE ADVISER

Somerley Capital Limited
20/F, China Building,
29 Queen's Road Central, Hong Kong

(XIV) INTERNATIONAL AUDITOR

KPMG
Certified public accountants
Public Interest Entity Auditor
registered in according with
the Accounting and Financial
Reporting Council Ordinance
8th Floor, Prince's Building,
10 Chater Road, Central, Hong Kong

(XV) H SHARE REGISTRAR

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

(XVI) PRINCIPAL BANKS

Agricultural Bank of China Limited
(Wuhu Shenxiang Sub-branch)
Yingjiang Avenue, Shenxiang Town,
Jiujiang District
Wuhu City, Anhui Province
China

(XVII) STOCK CODE

2560

II. FINANCIAL HIGHLIGHTS

FINANCIAL OVERVIEW (FOR THE YEAR ENDED 31 DECEMBER 2025)

1. Operation Results

Unit: RMB'000

Item	2025	2024	2023	2022	2021
Revenue	2,314,260	2,384,149	2,395,471	1,839,589	1,537,525
Profit before taxation	155,135	180,178	170,029	109,644	150,298
Profit for the year	131,077	147,884	143,934	92,383	126,890
Net profit attributable to the equity shareholders of the Company	109,371	125,637	116,953	75,881	129,651

2. Balance Sheets

Unit: RMB'000

Item	2025	2024	2023	2022	2021
Total assets	2,914,692	2,459,259	2,345,470	2,139,062	1,660,468
Total liabilities	1,429,717	1,362,871	1,397,002	1,492,581	1,100,060
Equity attributable to the equity shareholders of the Company	1,375,085	990,630	864,957	590,943	531,322

III. 2025 KEY HIGHLIGHTS OF CONCH MAT TECH

1. Successful Listing Significantly Strengthened Capital Base

Breaking through at the beginning of the year, Conch Mat Tech (stock code: HK2560) was successfully listed on the Main Board of the HKEX in January 2025, becoming the fourth listed company within Conch Holdings and receiving full recognition from investors and the market.



2. Digitally-Empowered Procurement Achieved Notable Efficiency Gains

In March 2025, the digital and intelligent analysis and forecasting system, developed in collaboration with a leading industry consultancy, was officially launched. This system marks a shift from “experience-based judgment” to “data-driven decision support,” providing a scientific and efficient core tool for procurement decisions.



3. Ningbo Phase II Epoxy Derivatives Project Commissioned on Schedule

Construction of the Phase II project of Ningbo Materials Technology, a subsidiary of the Company, commenced in January 2025 and was officially completed and put into operation in March 2026. The project has enabled the Company to expand its product coverage to include ethylene carbonate and various types of surfactants, broadening the Company’s product portfolio and providing strong support for the second growth curve of its performance.



III. 2025 KEY HIGHLIGHTS OF CONCH MAT TECH

4. Tashkent Project Achieved Target in First Year of Operation

In 2025, the Company's first overseas project, Tashkent Conch New Materials Technology Foreign Enterprise Co., Ltd.* (塔什干海螺新材料科技外國企業有限責任公司), commenced operations. Its local market share grew rapidly, earning widespread recognition in the overseas market. The project fully met its operational targets in the first year of operation.



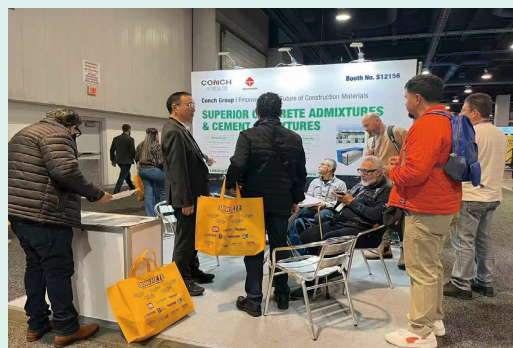
5. Indonesia Project Commenced Construction

In July 2025, Indonesia Conch Material Technology Co., Ltd.* (印尼海螺材料科技有限公司), a subsidiary of the Company, was successfully established and officially commenced construction, marking a solid step forward in the Company's global industrial layout.



6. Middle East Overseas Representative Office was Established and Became Operational

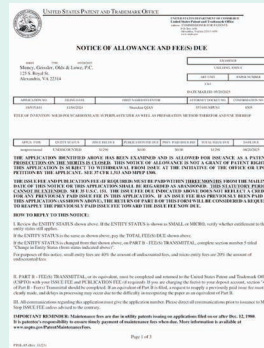
In July 2025, the Middle East Overseas Representative Office was established, introducing an innovative "roots in the front line" operating model, further deepening regional collaboration and local integration.



III. 2025 KEY HIGHLIGHTS OF CONCH MAT TECH

7. Technological Innovation Achievements Emerged Frequently

In August 2025, the Company's invention patent Solid polycarboxylate superplasticizer as well as preparation method therefor and use thereof was successfully granted authorization by the United States Patent and Trademark Office.



8. ESG Management Received “A” Rating from WIND

In August 2025, leveraging its outstanding performance in environmental management, social responsibility fulfillment, and corporate governance system development, the Company was awarded an “A” rating in the WIND ESG rating, demonstrating its high-quality development and long-term value creation capabilities.



9. Successfully Established Presence in South China, Further Extending the Industrial Chain

In November 2025, the Company established a new wholly-owned subsidiary, “Maoming Conch Material Technology Co., Ltd.” (茂名海螺材料科技有限公司) (“Maoming Material Technology”), and obtained its business license. Its principal business includes the production and sale of polyether monomer series, alkanolamine series, and new epoxy-derived fine chemical materials. This move fills the gap in the South China market and creates a north-south synergistic supply chain system.



IV. BUSINESS REVIEW AND OUTLOOK

1. OVERALL OVERVIEW

In 2025, China's economy largely maintained stable operations, with full-year GDP growing by 5% year-on-year. Influenced by the continued implementation of proactive fiscal policies and a prudent, moderately accommodative monetary policy, treasury bond issuance met its annual target ahead of schedule, and the issuance scale of local special-purpose bonds exceeded expectations. These measures provided solid funding support for national construction of "Two Priorities" (Major Projects and Key Areas), effectively facilitating the implementation of a number of large-scale infrastructure projects in transportation, water conservancy, new energy and other sectors, thereby driving increased demand for specialty concrete admixtures and high-end cement admixtures. Meanwhile, according to data released by the National Bureau of Statistics, national fixed asset investment from January to December declined by 3.9% year-on-year. The real estate sector remained sluggish throughout the year, with national real estate development investment declining by 17.2% year-on-year. Although marginal signs of improvement emerged during the year, the sector continued to operate at low ebb. The contraction in new housing starts and construction scale led to a sustained shrinkage in market demand for ordinary cement and conventional concrete admixtures, further accentuating the structural divergence in industry demand.

In addition, the national carbon reduction strategy continued to deepen, the pace of ultra-low emissions transformation in the cement industry accelerated, and the green transformation of the building materials sector gained momentum. Against this backdrop, downstream customers' demands for cost reduction, efficiency improvement, environmental protection and performance enhancement became increasingly pressing. This forced the admixture industry to accelerate its iteration and upgrade towards high-performance, green and multi-functional directions, with product technology barriers continuing to rise. Such trends created significant differentiated competitive advantages for enterprises equipped with core R&D capabilities and technological innovation strength. Leading players, by vertically integrating the industrial chain, increasing investment in technological innovation and deploying green production capacity, consolidated their shares in the high-end market and continuously expanded their market influence. Meanwhile, small and medium-sized producers with weak technical capabilities or substandard environmental compliance were phased out at an accelerated pace. The competitive landscape evolved further towards greater standardisation, concentration and high-quality development. At the same time, the rise of infrastructure booms in overseas regions presented new incremental market opportunities for domestic admixture enterprises.

2. BUSINESS REVIEW

During the Reporting Period, the Group faced severe challenges from overlapping adverse factors such as declining domestic market demand and increasingly intense industry competition. It firmly adhered to the Company's established development plan and relevant deployments, taking "stabilising the existing stock and expanding the incremental volume" as its core guiding principle, and consistently prioritising the expansion of external markets. The Group focused on product R&D and innovation, continuously optimized its product structure, provided customers with high-quality and reliable products as well as highly customised technical services, and consistently deepened its product market presence. It prioritized the development of key domestic regional markets such as Xinjiang-Tibet, the Pearl River Delta, and the Beijing-Tianjin-Hebei region, while steadily expanding into overseas markets in the Middle East, Africa and Southeast Asia, and continuously improving its overseas market deployment framework. Meanwhile, the Group stepped up the market development of new products and actively explored fine chemical fields such as surfactants and ethylene carbonate, and focused on cultivating new profit growth points, thereby laying a solid foundation for the Group's long-term development. During the Reporting Period, the Group recorded operating revenue of RMB2,314.26 million (tax exclusive).

IV. BUSINESS REVIEW AND OUTLOOK

(I) Cement Admixture and In-process Intermediaries Business

As the main supplier in the domestic cement admixtures and process intermediates market, the Group, in its cement admixtures business segment, responded to the fast-evolving trends and external environment by more precisely identifying shifts in genuine customer needs. It offered tailored products designed to meet diverse requirements, such as higher output, enhanced strength, reduced consumption and other special performance criteria, while also providing corresponding technical support. To date, the Group has established direct supply relationships with over 300 well-established cement manufacturers, including Anhui Conch Cement Company Limited* (安徽海螺水泥股份有限公司), Gansu Shangfeng Cement Co., Ltd.* (甘肅上峰水泥股份有限公司), TCC International Holdings Ltd. (台泥國際集團有限公司), North Cement Company Limited (北方水泥有限公司), China Gezhouba Group Cement Co., Ltd. (中國葛洲壩集團水泥有限公司), Qinghai Huzhu Jinyuan Cement Co., Ltd.* (青海互助金圓水泥有限公司) and Sichuan Esheng Cement Group Co., Ltd.* (四川峨勝水泥集團股份有限公司).

In the cement admixture's in-process intermediates business segment, the Group closely monitored international developments and crude oil price trends. By introducing a new digital and intelligent analysis and prediction system, it conducted in-depth assessments of the price movements of upstream raw materials such as propylene oxide and ethanolamine, reasonably adjusted its procurement, production and sales schedules in light of the company's inventory levels. At the same time, the Group has entered into direct supply cooperation agreements with a number of major domestic cement enterprises and admixture compounding enterprises, which further expanded its business presence and consolidated its market position in the industry.

(II) Concrete Admixture and In-process Intermediaries Business

The Group is deeply engaged in the domestic concrete admixtures and in-process intermediates sectors. By leveraging the synergistic advantages of the complete industrial chain — “polyether monomer, polycarboxylic acid mother liquor, finished concrete admixtures”, we continuously build integrated competitive barriers and actively strive to seize the high ground in the market.

During the Reporting Period, in its polyether monomer business, the Group precisely implemented strategic sales structure adjustments. Closely driven by fluctuations in the raw material market and changes in end-market demand, it effectively penetrated core supply chains by deeply participating in bidding projects for central enterprises and large group companies. This significantly enhanced its market penetration and solidified its industry position as a supplier of key upstream raw materials.

In its polycarboxylic acid mother liquor business, the Group consistently prioritized R&D innovation as its core driving force, continuously upgrading its range of high-performance functional mother liquor products. By deepening its collaboration with key clients and leveraging its superior product performance and technical services, the business recorded a robust year-on-year revenue growth of 57.7%.

In its finished concrete admixtures business, the Group directly serves large-scale engineering projects, pipe pile component manufacturers, and mainstream concrete producers. By leveraging its core technological advantages, it provides clients with full-process system optimization designs and holistic solutions, ensuring project delivery through high-quality services. This resulted in a 21.7% year-on-year revenue growth, expanding its footprint in the high-end application market while stabilizing its core business.

IV. BUSINESS REVIEW AND OUTLOOK

(III) Overseas Business

The Group adheres to a dual-drive strategy of “deep overseas localization” and “global trade,” achieving remarkable results in its international business expansion. During the Reporting Period, overseas local operations and export trade (encompassing business realized through localized overseas operations, direct exports and agency exports) achieved a year-on-year growth of 129%, demonstrating a strong development trajectory. In terms of overseas localization, the Tashkent project rapidly penetrated the market upon commencement of operations, successfully fulfilling all business objectives in its first year and establishing itself as a major supplier in the local admixture market. Construction of the Indonesia plant has officially commenced, while simultaneously implementing a “trade-first” approach to preemptively cultivate local market resources and nurture a customer base. The Middle East office was successfully established and operationalized, further deepening its market presence in the region and solidifying the regional business foundation. In terms of global trade, the Group fully leverages its domestic industrial chain and channel advantages to continuously expand its overseas market coverage. It successfully exported products to 35 countries, achieving efficient utilization of production capacity. Concurrently, the Group has forged deep cooperative relationships with international building materials giants, securing direct supply agreements for their factories across 17 countries worldwide, thereby further enhancing its global brand influence. These series of initiatives have not only perfected the Group’s global strategic business layout but also established a stable overseas business development system, laying a solid foundation for the sustained and healthy growth of its international operations.

3. FUTURE PLAN AND PROSPECTS

From the perspective of the international development environment, the growth prospect of the world economy during China’s “15th Five-Year Plan” period is not promising, and the eastward shift in the global economic power balance will continue. Influenced by factors such as demographic shifts and increasingly complex geopolitical situation, the potential growth rates of major economies are expected to moderate, introducing uncertainty to the global economic recovery process. The Company’s main businesses are highly dependent on crude oil derivatives. Furthermore, geopolitical events such as the US-Iran conflict led to sharp fluctuations in energy prices, directly driving up raw material costs and exerting an impact on the regional building materials market needs. What’s more, the Sino-American strategic competition has entered a more complex and intense phase. It is necessary to remain vigilant against potential trade barriers and technological controls from western nations, such as the European’s the “Carbon Border Adjustment Mechanism” imposes requirements concerning the carbon emissions across the full-life-cycle of products, which places higher requirements on the Company’s green production capacity. Although demand in emerging markets such as the Middle East and Southeast Asia maintain a sustained growth, Chinese-funded enterprises have flocked to expand overseas, making competition within the local industry in the region increasingly fierce.

Faced with the opportunities and challenges in the industry’s development environment, the Group will closely align with the Company’s “15th Five-Year” Plan and various work arrangements, take “driving revenue growth and enhancing profitability” as the core focus, and adopt a multi-pronged approach to promote the high-quality development of its business. In the domestic market, the Group will closely monitor the implementation of relevant national policies and investment projects, focus on key domestic economic circles such as Xinjiang, the Pearl River Delta, the Beijing-Tianjin-Hebei region, and the Chengdu-Chongqing area, while deepening its presence in core markets around existing factories to build scalable sales pillars. It will continuously expand the breadth and depth of cooperation with existing strategic partners, proactively seeking collaborations with large state-owned enterprises such as China Communications Construction (中交) and China State Construction (中建), as well as group clients. The Group strives to gain access to the direct supply channel for large-scale construction projects, water conservancy project and large-scale construction units. It will systematically promote

IV. BUSINESS REVIEW AND OUTLOOK

new products such as solid superplasticizers, mortar admixtures, and slag cement admixtures to build sales volume drivers for the Company. In addition, the Group will explore new business tracks, steadily advance the layout of epoxy compound fine chemicals, and foster new drivers for the Company's long-term growth. In the international market, the Group will continue to deepen channel construction, release production capacity of local factories in Tashkent, Indonesia, and other regions, expand the scope of global cooperation with large enterprises, deepen partnerships with Chinese-funded enterprises including China West Construction (中建西部), Gezhouba (葛洲壩), and Jianhua Guanzhuang* (建華管樁) to improve the global sales network; simultaneously, leveraging multi-channel trade exports, the Group will explore high-demand regions such as the Middle East, North Africa, and South America to absorb domestic production capacity and expand the Company's international market share. In terms of risk management, prioritizing capital security, the Group will strictly implement customer credit management and closely monitor the collection of overdue payments. Through these multiple measures, it aims to ensure overall controllability of the Company's capital risks, thereby building a solid safety barrier for high-quality business development.

V. MANAGEMENT DISCUSSION AND ANALYSIS

(I) FINANCIAL PROFITABILITY

	2025 RMB'000	2024 RMB'000
Revenue	2,314,260	2,384,149
Cost of sales	(1,894,088)	(1,924,469)
Cost ratio	81.84%	80.72%
Gross profit	420,172	459,680
Profit from operations	178,671	206,662
Profit before taxation	155,135	180,178
Income tax	(24,058)	(32,294)
Profit for the year	131,077	147,884
Earnings per share		
Basic and diluted (RMB)	0.19	0.29

During the Reporting Period, the Group's operating revenue amounted to RMB2,314.26 million, representing a decrease of 2.93% compared to the corresponding period of the previous year; operating costs were RMB1,894.09 million for the Reporting Period, representing a decrease of 1.58% compared to the corresponding period of the previous year. Profit for the year was RMB131.08 million for the Reporting Period, reflecting a decrease of 11.36% compared to the profit for the year of RMB147.88 million of the corresponding period of the previous year. The net profit margin was 5.66%, down by 0.54 percentage points from 6.20% compared to the corresponding period of the previous year. The basic earnings per share of the Company were RMB0.19 for the Reporting Period.

1. Revenue

(i) Disaggregation of revenue

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

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15 and recognised at a point in time		
— Cement admixture and in-process intermediaries	1,126,887	1,256,135
— Concrete admixture and in-process intermediaries	1,181,661	1,124,194
— Others	5,712	3,820
	2,314,260	2,384,149

V. MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group's revenue was derived from three types of business: namely (1) cement admixture and in-process intermediaries, (2) concrete admixture and in-process intermediaries, and (3) others. A breakdown by business is as follows:

- (1) The revenue from cement admixture and in-process intermediaries amounted to RMB1,126.89 million for the Reporting Period, representing a decrease of 10.29% compared to the corresponding period of the previous year, mainly due to the sustained decline in market prices of raw material, coupled with the reduction in total cement consumption, which impacted downstream product pricing and sales volume.
- (2) The revenue from concrete admixture and in-process intermediaries amounted to RMB1,181.66 million for the Reporting Period, representing an increase of 5.11% compared to the corresponding period of the previous year, primarily driven by the Group's efforts to develop customers for concrete admixture and in-process intermediaries, resulting in an expanded market share.
- (3) The revenue from others amounted to RMB5.71 million for the Reporting Period, representing an increase of 49.53% compared to the corresponding period of the previous year, mainly due to the growth of quality coupling sheets business.

(ii) Geographic information

	2025 RMB'000	2024 RMB'000
Revenue from external customers		
Chinese mainland	2,285,834	2,382,747
Asia (except Chinese mainland)	28,426	1,402
	2,314,260	2,384,149
	2025 RMB'000	2024 RMB'000
Specified non-current assets		
Chinese mainland	1,315,979	1,231,330
Asia (except Chinese mainland)	14,762	13,061
	1,330,741	1,244,391

V. MANAGEMENT DISCUSSION AND ANALYSIS

2. Gross Profit and Gross Profit Margin

Item	2025		2024		Change in amount (%)
	Amount RMB'000	Gross profit margin (%)	Amount RMB'000	Gross profit margin (%)	
Admixture and in-process intermediaries	414,774	17.97	457,404	19.22	-9.32
Others	5,398	94.51	2,276	59.6	137.21
Total	420,172	18.16	459,680	19.28	-8.59

During the Reporting Period, the Group's products achieved a gross profit of RMB420.17 million, representing a decrease of 8.59% compared to the corresponding period of the previous year. The gross profit margin for admixture and in-process intermediaries was 17.97%, down by 1.25 percentage points compared to the corresponding period of the previous year. This was mainly due to the persistent downturn in the building materials industry and real estate investment, which exerted significant pressure on both sales volumes and selling prices across the sector. Although the Company achieved volume growth contrary to the market trend by implementing a more aggressive marketing strategy, and concurrently advanced multiple cost reduction initiatives, these efforts were still insufficient to fully offset the adverse impact of declining market prices on gross profit.

3. Other Net Income

During the Reporting Period, the Group's other business revenue amounted to RMB28.16 million, representing an increase of RMB5.24 million, or 22.88%, compared to the corresponding period of the previous year, mainly due to the increase in interest income from bank deposits arising from the proceeds from the global offering and, during the Reporting Period, the increase in government grants received by certain subsidiaries.

4. Distributions Costs

During the Reporting Period, the Group's distributions costs amounted to RMB62.04 million, representing an increase of RMB5.12 million, or 8.99%, compared to the corresponding period of the previous year, mainly due to the increase in marketing expenses as the Group expanded its market presence.

5. Administrative Expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB174.20 million, representing an increase of RMB17.13 million, or 10.91%, compared to the corresponding period of the previous year. This was mainly due to an increase in routine advisory fees following the listing, and a rise in specific reserves for the Phase II project at Ningbo Conch, as well as an increase in staff remuneration included in administrative expenses due to personnel structure adjustments.

V. MANAGEMENT DISCUSSION AND ANALYSIS

6. Research and Development Costs

During the Reporting Period, the Group's research and development costs amounted to RMB43.08 million, representing a decrease of RMB11.92 million, or 21.67%, compared to the corresponding period of the previous year, mainly due to the industrialization of certain key research projects and the phased progress of the R&D project. As core projects such as solid water reducing admixture, viscosity-reducing water reducing admixture, and early-strength water reducing admixture largely achieved their industrialization targets, and 10 projects, including powdered hexavalent chromium reducing agents, magnesium phosphate repair mortar, and EC key technologies, were successfully concluded, coupled with the fact that some new projects are still in the preliminary research stage, R&D investment is currently in a phase of building momentum for future growth.

7. Finance Costs

During the Reporting Period, the Group's finance costs amounted to RMB23.54 million, representing a decrease of RMB2.95 million, or 11.13%, compared to the corresponding period of the previous year, mainly due to a reduction in loan interest rates.

(II) FINANCIAL POSITION

As at the end of the Reporting Period, the Group's total assets amounted to RMB2,914.69 million, representing an increase of RMB455.43 million as compared to the end of the previous year; the equity attributable to equity shareholders of the Company amounted to RMB1,375.09 million, representing an increase of RMB384.46 million as compared to the end of the previous year; the gearing ratio of the Group calculated as total liabilities divided by total assets at the end of the year was 49.05%, representing a decrease of 6.37 percentage points as compared to the end of the previous year. The balance sheet items of the Group are as follows:

Item	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000	Change between the end of the Reporting Period and the end of the previous year (%)
Non-current assets	1,358,006	1,272,460	6.72
Current assets	1,556,686	1,186,799	31.17
Non-current liabilities	347,326	258,935	34.14
Current liabilities	1,082,391	1,103,936	-1.95
Net current assets	474,295	82,863	472.38
Equity attributable to equity shareholders of the Company	1,375,085	990,630	38.81
Total assets	2,914,692	2,459,259	18.52
Total liabilities	1,429,717	1,362,871	4.90

V. MANAGEMENT DISCUSSION AND ANALYSIS

1. Non-current Assets and Current Assets

As at the end of the Reporting Period, the Group's non-current assets amounted to RMB1,358.01 million, representing an increase of 6.72% compared to the end of the previous year, mainly due to the Company's increased investment in projects funded by raised funds, such as the Ningbo Phase II Project, in accordance with the plan for the use of the proceeds.

As at the end of the Reporting Period, the Group's current assets amounted to RMB1,556.69 million, representing an increase of 31.17% as compared to the end of the previous year, mainly due to the completion of the Listing by the Company and the receipt of proceeds.

2. Non-current Liabilities and Current Liabilities

As at the end of the Reporting Period, the Group's non-current liabilities amounted to RMB347.33 million, representing an increase of 34.14% compared to the end of the previous year, mainly due to new long-term borrowings obtained by Ningbo Conch New Material Technology Co., Ltd. and Huludao Haizhong New Material Technology Co., Ltd., the subsidiaries, to meet their production and construction needs.

As at the end of the Reporting Period, the Group's current liabilities amounted to RMB1,082.39 million, remaining basically stable compared to the corresponding period of the previous year.

3. Equity Attributable to Equity Shareholders of the Company

As at the end of the Reporting Period, the equity attributable to equity shareholders of the Company amounted to RMB1,375.09 million, representing an increase of 38.81% compared to the end of the previous year, mainly due to: first, the completion of the Company's Listing, leading to an increase in share capital and capital reserve; and second, the Company's continued profitability, resulting in an increase in shareholders' equity.

(III) LIQUIDITY AND CAPITAL SOURCES

As at the end of each reporting period, the bank loan was repayable as follows.

1. Loans and Borrowings

Item	31 December	31 December
	2025	2024
	RMB'000	RMB'000
Within one year	711,260	720,212
After one year but within two years	97,460	75,000
After two years but within five years	194,965	123,491
Total	1,003,685	918,703

As at the end of the Reporting Period, the Group had balance of loans and borrowings of RMB1,003.69 million, representing an increase of RMB84.98 million compared to the end of the previous year, primarily due to the new long-term borrowings incurred by Ningbo Conch New Material Technology Co., Ltd. and Huludao Haizhong New Material Technology Co., Ltd., the subsidiaries, for production and construction needs.

As at the end of the Reporting Period, all of the Group's loans and borrowings were denominated in RMB, with the interests calculated based on fixed rates.

V. MANAGEMENT DISCUSSION AND ANALYSIS

2. Cash Flows

Item	2025 RMB'000	2024 RMB'000
Net cash generated from operating activities	201,852	166,780
Net cash used in investing activities	(227,156)	(136,331)
Net cash generated from/(used in) financing activities	320,593	(65,165)
Net increase/(decrease) in cash and cash equivalents	295,289	(34,716)
Cash and cash equivalents at beginning of year	131,387	166,103
Effect of foreign exchange rates changes	(116)	—
Cash and cash equivalents at end of year	426,560	131,387

Net cash generated from operating activities

During the Reporting Period, the Group had net cash generated from operating activities of RMB201.85 million, representing an increase of RMB35.07 million compared to the corresponding period of the previous year, mainly due to the Group's strengthened management and control of accounts receivable during the Reporting Period and the accelerated collection of overdue payments, which resulted in an increase in operating cash inflows compared with the corresponding period of the previous year.

Net cash used in investing activities

During the Reporting Period, the Group had net cash used in investing activities of RMB227.16 million, representing an increase of RMB90.83 million compared to the corresponding period of the previous year, mainly due to the construction of new projects such as Ningbo Phase II Project and purchases of equipment and acquisition of short-term, low-risk wealth management products.

Net cash generated from/(used in) financing activities

During the Reporting Period, the Group had net cash generated from financing activities of RMB320.59 million, representing an increase of RMB385.76 million compared to the corresponding period of the previous year, mainly due to the proceeds from the Company's IPO.

Cash and cash equivalents

As at the end of the Reporting Period, cash and cash equivalents of the Group were mainly held in RMB and HKD.

(IV) TREASURY MANAGEMENT POLICY

The Company continues to adopt a prudent financial management approach towards its treasury policy. The Board will closely monitor the liquidity position to ensure that the liquidity structure of the Company's assets, liabilities and other commitments can meet the funding requirements from time to time.

(V) FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK

The Group's functional currency is RMB. Most of the assets and transactions of the Group were denominated in RMB, and the capital expenditures of the Group's domestic business were generally funded with the revenue in RMB. As a result, the Group was not exposed to significant foreign exchange risks.

During the Reporting Period, the Group did not use any financial instruments to hedge against any foreign exchange risks.

V. MANAGEMENT DISCUSSION AND ANALYSIS

(VI) CAPITAL COMMITMENTS

As at the end of the Reporting Period, the Group had capital commitments not provided for in the consolidated financial statements amounting to RMB112,286,000 (2024: RMB121,981,000).

(VII) CONTINGENT LIABILITIES

As at the end of the Reporting Period, the Group did not have any material contingent liabilities.

(VIII) CHARGES ON ASSETS

As at the end of the Reporting Period, the Group did not have any charges on assets.

(IX) SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group did not have any significant investments.

(X) FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, as of the date of this report, the Group did not have any plans for material investments or capital assets.

(XI) MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

During the Reporting Period, the Group did not have any material acquisition or disposals of subsidiaries, associated companies and joint ventures.

(XII) HUMAN RESOURCES

The Group attached great importance to the construction and development of human resources management system, consistently adhered to the strategy of strengthening enterprises with talents. Guided by value creation, it actively explored diversified incentive measures and implemented a mechanism for sharing excess profits, aiming to stimulate employee motivation and fully utilize the incentivizing and regulatory effects of the Group’s compensation mechanism. Simultaneously, with the goal of enhancing human resource efficiency, it steadfastly advanced management innovation, fostered the management orientation that respects knowledge, talent, and innovation, thereby providing human resource support and assurance for the Group’s high-quality development. The Group provides comprehensive training programmes for its employees, believing that such initiatives assist them in effectively acquiring the necessary skills and professional ethics. For details of the specific training programmes, please refer to the Environmental, Social and Governance Report published on the Company’s website (www.conchmst.com) and the website of the Stock Exchange (www.hkexnews.hk).

As at the end of the Reporting Period, the Group had 908 employees (31 December 2024: 876 employees). The remuneration of employees is based on qualifications, experience, work performance and market conditions. As required by the PRC regulations on social insurance, the Group participated in the social insurance schemes managed by local government authorities which include pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance. During the Reporting Period, the total remuneration of employees (including the remuneration of the Directors) was approximately RMB212.22 million (2024: approximately RMB203.96 million).

V. MANAGEMENT DISCUSSION AND ANALYSIS

(XIII) USE OF PROCEEDS FROM GLOBAL OFFERING

The H Shares of the Company were successfully listed on the Main Board of the Stock Exchange on 9 January 2025, with the issuance of 144,974,000 H Shares at HK\$3.0 per H Share.

Details of the use of proceeds from the Global Offering are set out in the section headed “Use of proceeds from the Global Offering” in the “VII. Report of the Directors” of this report.

VI. CORPORATE GOVERNANCE REPORT

The Board is hereby pleased to present the corporate governance report of the Company for the year ended 31 December 2025.

(I) CORPORATE GOVERNANCE CODE

The Group strives to attain and maintain relatively high standards of corporate governance that are best suited to the needs and interests of the Group, as it believes that effective corporate governance practices are fundamental to safeguarding the interests of the Shareholders and other stakeholders and enhancing Shareholder value.

The Board has adopted the principles and code provisions of the CG Code as the Company's own corporate governance code. Since the Listing Date and up to the end of the Reporting Period, the Company has fully complied with principles and all applicable code provisions set out in Part 2 of the CG Code.

Under the guidance of the regulatory documents, including the Listing Rules and the Articles of Association, the Group will continue to improve its corporate governance structure, foster good investor relations, and improve communication with the Shareholders and investors, so as to ensure continuous compliance with the provisions of the CG Code.

* The revised CG Code, effective from 1 July 2025, will apply to the Company's corporate governance reports and annual reports covering financial years beginning on or after 1 July 2025.

(II) CORPORATE CULTURE

The Group recognises the importance of a healthy corporate culture in achieving the Group's future growth objectives. Under the guidance of the Board, the Group will cultivate a corporate culture based on core principles and ensure that the Group's vision, values and business strategies are aligned with the corporate culture.

The Group will advocate all staff to continuously improve their professional skills, to integrate personal development with corporate development, and to strengthen the sense of responsibility and mission of our staff so as to provide continuous momentum for the Group's development.

(III) MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct for securities transactions by the Directors. Having made specific enquiries to all the Directors, the Company confirms that all the Directors have complied with the required standards as set out in the Model Code since the Listing Date and up to the end of the Reporting Period.

VI. CORPORATE GOVERNANCE REPORT

(IV) THE BOARD

The composition of the Board during the Reporting Period and as of the date of this report is as follows:

Name of Directors	Position
Executive Directors	
Mr. Chen Feng	Executive Director, General Manager and Chief Executive Officer
Mr. Bai Lin	Executive Director
Non-executive Directors	
Mr. Ding Feng	Non-executive Director and Chairman of the Board
Mr. Feng Fangbo	Non-executive Director and Vice Chairman of the Board
Mr. Zhao Hongyi	Non-executive Director and Vice Chairman of the Board
Mr. Jin Feng	Non-executive Director
Mr. Fan Haibin	Non-executive Director
Independent Non-executive Directors	
Mr. Li Jiang	Independent Non-executive Director
Mr. Chen Jiemiao	Independent Non-executive Director
Ms. Xu Xu	Independent Non-executive Director
Ms. Zeng Xiangfei	Independent Non-executive Director

Biographical details of the Directors are set out in the section headed “VIII. Biographies of Directors and Senior Management” of this report.

Each Director has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 15 November 2023, is aware of 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. Each Director has confirmed that he/she understands his/her responsibilities as a director of the listed issuer.

None of the Directors and senior management have financial, business, family or other material/relevant relationships with one another and in particular, between the chairman of the Board and the chief executive officer.

Independence of Independent Non-Executive Directors

The Board has complied with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules to have not less than three independent non-executive Directors, including at least an independent non-executive Director who has the relevant professional qualification or accounting or related financial management expertise. In accordance with Rule 3.10A of the Listing Rules, at least one-third of the Directors shall be independent non-executive Directors. Since the Listing Date, the Company has four independent non-executive Directors, representing more than one-third of the total number of Directors and is in compliance with the relevant requirements. The Company has received from each of the independent non-executive Directors a confirmation of his/her independence according to Rule 3.13 of the Listing Rules from the Listing Date to the end of the Reporting Period. The Company confirms that all of the independent non-executive Directors meet the independence requirements pursuant to Rule 3.13 of the Listing Rules, and considers all the independent non-executive Directors to be independent. Each of the independent non-executive Directors has duly performed his/her duties, protected the Shareholders' interests independently and objectively, and provided checks and balances in the decision-making of the Board in accordance with relevant laws and regulations.

VI. CORPORATE GOVERNANCE REPORT

(V) FUNCTIONS AND OPERATION OF THE BOARD AND MANAGEMENT

The Board is responsible for the leadership, control and management of the Company. Its primary role is to provide strategic guidance for the Company and effectively supervise the management members. Each Director shall perform their duties objectively and prudently in the interest of the Company and shall be accountable to shareholders.

Pursuant to the Articles of Association, the Board of Directors shall have the following duties and powers:

- (I) responsible for convening general meetings and presenting reports thereto;
- (II) implementing the resolutions made at the general meetings;
- (III) determining the Company's business plans and investment plans;
- (IV) working out the Company's profit distribution plans and loss recovery plans;
- (V) working out the Company's plans on the increase or reduction of registered capital, as well as on the issuance of bonds or other securities and listing plans;
- (VI) formulating proposals for major acquisitions of the Company, purchase of shares of the Company, merger, split-up, dissolution and change of the Company nature;
- (VII) deciding on matters of the Company such as external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions and donations to others within the scope authorized by the general meeting;
- (VIII) deciding on the establishment of the Company's internal management departments;
- (IX) deciding on the appointment or dismissal of the general manager, the secretary to the Board of Directors and other senior management of the Company; deciding on the appointment or dismissal of senior management, such as deputy general manager and financial controller, as well as their remunerations and rewards and punishments according to the nomination of the general manager;
- (X) formulating the Company's basic management system;
- (XI) formulating the plan for modification of the Articles of Association;
- (XII) administering matters on information disclosures of the Company;
- (XIII) proposing the employment or replacement of the accounting firm which audits the Company's accounts to the general meeting;
- (XIV) hearing the general manager's work report and check the general manager's work;

VI. CORPORATE GOVERNANCE REPORT

- (XV) assessing and determining the nature and scope of risks that the Company is willing to assume in pursuit of its strategic objectives, and ensuring that the Company has put in place and maintained appropriate and effective risk management and internal control systems;
- (XVI) designing, implementing and monitoring the risk management and internal control systems, and the management should provide a confirmation to the Board of Directors on the effectiveness of these systems;
- (XVII) conducting a review of the effectiveness of the Company's and its subsidiaries' risk management and internal control systems at least annually and reporting to shareholders that it has done so in its Corporate Governance Report;
- (XVIII) ensuring that the resources, staff qualifications and experience in relation to the Company's accounting, internal audit, financial reporting and the Company's environmental, social and governance performance and reporting, and training courses received by the staff and related budgets are adequate;
- (XIX) deciding on other major matters and administrative affairs other than those specified in the laws, administrative regulations, departmental rules, the Articles of Association and listing rules of the stock exchange of the place where the Company's shares are listed to be decided by the general meeting and sign other important agreements; and
- (XX) exercising other powers regulated in laws, administrative regulations, departmental rules, rules governing the place where the shares of the Company are listed or the Articles of Association or general meetings.

The above-mentioned functions and powers exercised by the Board of Directors, or any transaction or arrangement of the Company, shall be submitted to the general meeting for consideration if they are required to be considered by the general meeting according to the listing rules of the stock exchange of the place where the Company's shares are listed. Matters exceeding the scope of the authority of the general meeting shall be submitted to the general meeting for consideration.

The Board has delegated the authority and responsibility of the day-to-day management and operation of the Company to the senior management of the Company. To oversee particular aspects of the Company's affairs, the Board has established three Board Committees, including the Audit Committee, the Nomination Committee and the Remuneration Committee. The responsibilities delegated by the Board to the Board Committees are set out in their respective terms of reference. The terms of reference of each of the Board Committees are published on the websites of the Stock Exchange and the Company.

All Directors have full and timely access to all relevant information as well as the advice and services from the joint company secretaries of the Company, with a view to ensuring that the Board procedures and all applicable rules and regulations are followed. Besides, each Director may seek independent professional advice in appropriate circumstances at the Company's expenses, upon making request to the Board.

The Directors are required to disclose to the Company details of other positions held by them and the Board regularly reviews the contribution that each Director is required to make to the Company in the performance of his/her duties.

VI. CORPORATE GOVERNANCE REPORT

(VI) CONTINUOUS TRAINING AND DEVELOPMENT OF DIRECTORS

Upon their initial appointment, each new Director will be provided with induction training to ensure they gain an appropriate understanding of the Company's business and operations and is fully aware of their responsibilities under applicable laws, rules, regulations, and the Group's various governance and internal control policies. All Directors are encouraged to engage in continuous professional development activities to enhance and refresh their knowledge and skills. All new Directors will receive the aforementioned training and will be furnished with "A Guide on Directors' Duties" from The Companies Registry in Hong Kong, as well as "Guidelines for Directors" and the "Guide for Independent Non-Executive Directors" from The Hong Kong Institute of Directors. The Company offers continuous professional development opportunities for all Directors, and the related expenses will be borne by the Company, so as to develop and refresh their knowledge and skills.

A summary of training received by the Directors during the Reporting Period according to the records provided by the Directors is as follows:

Directors	Attending courses/ seminars/conferences	Reading books/ journals/articles
Executive Directors		
Mr. Chen Feng	✓	✓
Mr. Bai Lin	✓	✓
Non-executive Directors		
Mr. Ding Feng	✓	✓
Mr. Feng Fangbo	✓	✓
Mr. Zhao Hongyi	✓	✓
Mr. Jin Feng	✓	✓
Mr. Fan Haibin	✓	✓
Independent Non-executive Directors		
Mr. Li Jiang	✓	✓
Mr. Chen Jiemiao	✓	✓
Ms. Xu Xu	✓	✓
Ms. Zeng Xiangfei	✓	✓

(VII) CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

In accordance with 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. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.

The chairman of the Board and the chief executive officer (i.e. the general manager) of the Company are performed by Mr. Ding Feng and Mr. Chen Feng, respectively.

Pursuant to the Articles of Association, the chairman of the Board shall exercise the following functions and powers:

- (l) to preside over general meetings, and to convene and preside over the meetings of the Board of Directors;

VI. CORPORATE GOVERNANCE REPORT

- (II) to monitor and check the implementation of the resolutions of the Board of Directors; and
- (III) to exercise other functions and powers conferred by laws, regulations, regulatory documents, the listing rules of the stock exchanges on which the Company's shares are listed and the Articles of Association and the Board of Directors.

Pursuant to the Articles of Association, the general manager shall report to the Board of Directors and have the following duties and powers:

- (I) to be in charge of the production, operation and management of the Company, to organize and implement the resolutions adopted by the Board of Directors, and to report his/her work to the Board of Directors;
- (II) to organize and implement the annual business plans and investment plans of the Company;
- (III) to draft schemes for the establishment of the Company's internal management departments;
- (IV) to formulate the basic management system of the Company;
- (V) to formulate the detailed rules and regulations of the Company;
- (VI) to make proposals to the Board of Directors regarding the appointment or removal of the vice president and chief financial officers of the Company;
- (VII) to appoint or remove managerial officers other than those to be appointed or removed by the Board of Directors;
- (VIII) to draw up a package of staff's salary, benefits, awards and penalty, as well as to decide the appointment and dismissal of the staff of the Company;
- (IX) to arrange the implementation of resolutions of the Board of Directors;
- (X) to formulate the Company's plans on annual financial budgets and final accounts;
- (XI) to formulate the Company's profit distribution plans and plans on making up losses;
- (XII) to review and approve the dispatch of large amounts and financial expenditures of the Company, in accordance with the decision of the Board of Directors;
- (XIII) to represent the Company in external negotiations, business dealings and signing of contracts and agreements, as entrusted by the chairman of the Board of Directors;
- (XIV) to propose the convening of extraordinary meetings of the Board of Directors; and
- (XV) other duties and powers authorized by the Articles of Association and the Board of Directors.

There is a clear division of responsibilities between the chairman of the Board and the chief executive officer (i.e. the general manager) of the Company, which provides a balance of power and authority, according to the Articles of Association.

VI. CORPORATE GOVERNANCE REPORT

(VIII) APPOINTMENT OF DIRECTORS

The procedures for the appointment, resignation, and removal of Directors are stipulated in the Articles of Association.

The Company entered into a service contract with each of executive Directors and non-executive Directors and a letter of appointment with each of independent non-executive Directors on 16 December 2024, for an initial term of three years from the Listing Date.

1. Appointment of Directors

Pursuant to code provision B.2.2 of the CG Code and the Articles of Association, Directors are elected or replaced by the general meeting. The term of their office is three years. Directors may be re-elected upon expiration of their term of office, unless otherwise stipulated by the relevant laws, regulations, the Articles of Association and listing rules of the stock exchange of the place where the Company's shares are listed. Directors can be removed by the general meeting before the term of office expires. The term of office of a Director shall be calculated from the date of taking office to the expiry of the term of the current session of the Board of Directors. If a Director fails to be re-elected in time upon the expiration of his/her term of office, the original Director shall still perform his/her duties as a Director in accordance with laws, administrative regulations, departmental rules, listing rules of the stock exchange of the place where the Company's shares are listed and the Articles of Association until the re-elected Director takes office.

The written notice about the purposes of candidates of Directors or the willingness of the candidates to accept the nomination shall be delivered to the Company no earlier than the date of delivery of notification of the general meeting and no later than seven days before the general meeting. The time limit for relevant nomination and accepting of the nomination shall not be shorter than seven days.

2. Resignation of Directors

Pursuant to the Articles of Association, a Director may resign before the expiry of his/her tenure. The resigning Director shall submit to the Board of Directors a written resignation report. The Board of Directors shall disclose the relevant information within two days. If the Board of Directors of the Company falls below the statutory minimum due to the resignation of Directors, the original Directors shall still perform their duties as Directors in accordance with laws, administrative regulations, departmental rules and the Articles of Association before the re-elected Directors take office. The resignation report of the such Director shall be effective only after the succeeding Director has filled his/her vacancy. Except the circumstances specified in the preceding paragraph, the resignation of a Director shall be effective when the resignation report is served to the Board of Directors.

Subject to the relevant laws and regulations and regulatory rules in the PRC and the places where the Company is listed, if the Board of Directors appoints a new Director to fill a casual vacancy on the Board of Directors or to add to the Board of Directors, the term of office of such appointed Director shall end at the first annual general meeting after his/her acceptance of the appointment and he/she shall be eligible for election by the shareholders for re-election at such annual general meeting.

VI. CORPORATE GOVERNANCE REPORT

3. Removal of Directors

Pursuant to the Articles of Association, the general meeting may, subject to the provisions of the relevant laws and regulations, remove any Director (including executive Directors) whose term of office has not expired (but such removal does not affect the rights of such Director to make any claim under any contract) by ordinary resolution.

Pursuant to the Articles of Association, any Director who fails to attend Board meetings in person and has not entrusted other Directors to attend the meeting on his/her behalf for two consecutive times shall be deemed as unable to perform his duties. The Board of Directors shall propose to the general meeting to remove such Director.

(IX) BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND SHAREHOLDERS' MEETINGS

Pursuant to code provisions C.5.1 and C.5.3 of the CG Code, the Board of Directors shall meet regularly and convene Board meetings at least four times a year, approximately on a quarterly basis. It is expected that a majority of the Directors entitled to attend each regular Board meeting will either be present in person or actively participate in such meetings via electronic means. Consequently, regular Board meetings do not encompass obtaining Board approval through the circulation of written resolutions. A notice shall be given at least 14 days prior to the convening of each regular Board meeting, ensuring all Directors have the opportunity to be available to attend. For other Board meetings, a reasonable notice shall be sent.

Pursuant to the Articles of Association, the meetings of the Board of Directors include regular meeting of the Board of Directors and extraordinary meeting of the Board of Directors. Meetings of the Board of Directors shall be held at least four times a year and shall be convened by the chairman of the Board of Directors. Regular meetings shall be held by giving a written notice to all Directors 14 days before the meeting. Documents of meeting shall be delivered to all Directors three days before the meeting. When the Board of Directors convenes an extraordinary meeting, the secretary to the Board of Directors shall submit a written notice of the meeting and the documents of the meeting to all Directors 5 days before the convening of the meeting by hand, express mail, facsimile or electronic mail.

VI. CORPORATE GOVERNANCE REPORT

During the Reporting Period, the attendance records of each Director at Board meetings, Board Committee meetings, and Shareholders' meetings are as follows:

Name of Director	Board of Directors	Audit Committee	Nomination Committee	Remuneration Committee	Annual General Meeting
Executive Directors					
Mr. Chen Feng ⁽¹⁾	10/10	N/A	0/0	2/2	3/3
Mr. Bai Lin	10/10	N/A	N/A	N/A	3/3
Non-executive Directors					
Mr. Ding Feng	10/10	N/A	3/3	N/A	3/3
Mr. Feng Fangbo	10/10	N/A	N/A	N/A	3/3
Mr. Zhao Hongyi	10/10	N/A	N/A	N/A	3/3
Mr. Jin Feng	10/10	N/A	N/A	N/A	3/3
Mr. Fan Haibin	10/10	N/A	N/A	N/A	3/3
Independent Non-executive Directors					
Mr. Li Jiang	10/10	4/4	3/3	2/2	3/3
Mr. Chen Jiemiao ⁽²⁾	10/10	4/4	3/3	0/0	3/3
Ms. Xu Xu	10/10	4/4	N/A	N/A	3/3
Ms. Zeng Xiangfei ⁽³⁾	10/10	4/4	1/1	2/2	3/3

Notes:

- (1) Mr. Chen Feng was appointed as a member of the Nomination Committee and ceased to be a member of the Remuneration Committee, with effect from 30 July 2025.
- (2) Mr. Chen Jiemiao was appointed as a member of the Remuneration Committee, with effect from 30 July 2025.
- (3) Ms. Zeng Xiangfei was appointed as a member of the Nomination Committee, with effect from 26 June 2025.

VI. CORPORATE GOVERNANCE REPORT

(X) BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee, and formulated the relevant terms of references for overseeing particular aspects of affairs of the Company. Each Board Committee is established with defined written terms of reference. The terms of reference of each Board Committee is posted on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.conchmst.com), and are available to the Shareholders.

1. Audit Committee

(1) Members

As at the end of the Reporting Period, the Audit Committee comprised four independent non-executive Directors, whose positions are as follows:

Name	Position
Ms. Xu Xu (<i>Independent Non-executive Director</i>)	Chairlady
Mr. Li Jiang (<i>Independent Non-executive Director</i>)	Member
Mr. Chen Jiemiao (<i>Independent Non-executive Director</i>)	Member
Ms. Zeng Xiangfei (<i>Independent Non-executive Director</i>)	Member

The Terms of Reference and Rules of Procedures of the Audit Committee under the Board clearly stipulates the duties and roles of the Audit Committee. In accordance with the Terms of Reference and Rules of Procedures of the Audit Committee under the Board, the chairperson of the Audit Committee shall be acted by an independent non-executive Director who possesses financial professional qualifications or accounting or related financial management expertise as required under the listing rules of the place where the Company's shares are listed.

(2) Summary of Duties and Work

Terms of Reference and Rules of Procedures of the Audit Committee under the Board stipulates that the primary duties of the Audit Committee include, among other things, (i) making recommendations to the Board on the appointment, re-appointment and removal of external auditors; (ii) reviewing the consolidated financial statements; (iii) providing material advice in respect of financial reporting process; (iv) overseeing the Group's internal control and risk management systems and audit process and discussing the risk management and internal control system with management to ensure that management has performed its duty to have effective systems; and (v) provide advice and comments to the Board on matters relating to corporate governance.

During the Reporting Period, the Audit Committee has convened four meetings to (i) review the annual results announcement and annual report of the Company for the year ended 31 December 2024; (ii) review and discuss the Company's risk management and internal control measures and systems, the effectiveness of the Company's internal audit function, financial reports, and the appointment of auditors, which includes the selection of auditors, assessment of their independence and qualifications, and ensuring effective communication between the Directors and the auditors; and (iii) review the interim results announcement for the six months ended 30 June 2025 and the interim report of 2025. The Board does not go against any recommendation made by the Audit Committee regarding the selection, appointment, resignation, or removal of the auditors.

VI. CORPORATE GOVERNANCE REPORT

2. Nomination Committee

(1) Members

As at the end of the Reporting Period, the Nomination Committee consists of one executive Director, one non-executive Director and three independent non-executive Directors, and their positions are as follows:

Name	Position
Mr. Ding Feng (<i>Non-executive Director, Chairman of the Board</i>)	Chairman
Mr. Chen Feng (<i>Executive Director</i>)	Member
Mr. Li Jiang (<i>Independent Non-executive Director</i>)	Member
Mr. Chen Jiemiao (<i>Independent Non-executive Director</i>)	Member
Ms. Zeng Xiangfei (<i>Independent Non-executive Director</i>)	Member

Terms of Reference and Rules of Procedures of the Nomination Committee under the Board clearly stipulates the duties and roles of the Nomination Committee. According to the requirements of the Terms of Reference and Rules of Procedures of the Nomination Committee under the Board, the Nomination Committee shall be chaired by an independent non-executive Director or the chairman of the Board.

(2) Summary of Duties and Work

Terms of Reference and Rules of Procedures of the Nomination Committee under the Board stipulates that the primary duties of the Nomination Committee include, among other things, (i) making recommendations to review the structure, size and composition (including the skills, knowledge and experience) of the Board; (ii) reviewing and making recommendations to the Board on appointment of Directors and the management of the Board succession; (iii) assisting the Board in assessing and re-reviewing the independence of the independent non-executive directors; and (iv) assist the Board in maintaining a Board skills matrix.

During the Reporting Period, the Nomination Committee held three meetings, during which the Nomination Committee has assessed the independence of independent non-executive Directors and reviewed the structure, number, composition and diversity of the Board, reviewed the corporate governance functions of the Company and nominated director candidates to the Board for the second session of the Board. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained and the measurable objective has been achieved.

VI. CORPORATE GOVERNANCE REPORT

(3) Director Nomination Policy

The Director nomination procedure is as follows:

1. The Nomination Committee and/or the Board may identify candidates for Directors through various channels, including but not limited to internal promotions, re-designations, management recommendations, and recommendations from external employment agents;
2. Upon receiving the nomination of a new Director and the relevant information for the candidate, the Nomination Committee and/or the Board will assess the candidate's qualifications according to established criteria to determine his/her suitability for the role;
3. In case where multiple candidates are deemed suitable, the Nomination Committee and/or the Board will prioritize them based on the Company's needs and the candidates' qualifications;
4. The Nomination Committee will recommend suitable candidates to the Board (if applicable); and
5. For a Director candidate nominated by Shareholders at the general meeting, the Nomination Committee and/or the Board will assess his/her eligibility to serve as a Director based on the same established criteria.

The Nomination Committee and/or the Board will make recommendations to Shareholders regarding director nominations at the general meeting, if applicable.

Criteria for evaluating and selecting director candidates are as follow:

The Nomination Committee and the Board shall consider the following criteria when evaluating and selecting director candidates:

1. Character and Integrity;
2. Qualifications, including professional qualifications, skills, knowledge and experience related to the Company's business and strategies, and the diversity elements in the Board's diversity policy;
3. Quantifiable targets set to achieve Board diversity;
4. Under the Listing Rules, the Board is required to include independent non-executive Directors, with reference to the guidelines on independence under the Listing Rules;
5. The potential contributions of the candidate to the Board in terms of professional qualifications, skills, experience, independence, and gender diversity;
6. The candidate's willingness and ability to devote sufficient time to performing his/her duties as a Board member and a committee member; and
7. Other factors pertaining to the Company's business and succession plan, which may be adjusted by the Nomination Committee and/or the Board as necessary.

VI. CORPORATE GOVERNANCE REPORT

The Nomination Committee and the Board will periodically review the Company's director nomination policy (the "**Director Nomination Policy**") to ensure its continued effectiveness. During the Reporting Period, the Nomination Committee nominated director candidates to the Board for the second session of the Board in accordance with the Director Nomination Policy and the Board Diversity Policy.

(4) Board Diversity Policy

The Company has adopted a Board diversity policy which sets out details about the approach to achieve Board diversity. The Board believes that the diversified Board can enhance corporate governance, as it can improve the Board effectiveness, reduce the risks of group thinking, and make better decisions. The Company acknowledges and embraces the performance improvement brought by the diversified Board. Currently, two out of eleven members of the Board are females. The Board will take opportunities to increase the proportion of female members over time as and when suitable candidates are identified, and will continue to follow the Board diversity policy in developing a pipeline of potential successors to the Board.

To achieve the diversification of Board members, multiple factors shall be considered in line with the Board diversity policy when the Board determines the appointment and re-appointment of Directors. Taking into consideration the Group's business model and specific needs, the Board will consider various factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, qualifications, skills, knowledge, length of service and other relevant factors that the Board deems applicable, all of which are deemed relevant to the Group's business.

The Nomination Committee has made recommendations to the Board regarding the implementation of Board diversity, and the Board has agreed and adopted the following measurable objectives:

- a. Not less than 80% of the Board members hold a bachelor's degree or above;
- b. Not less than 80% of the Board members have obtained accounting or other professional qualifications;
- c. Not less than 80% of the Board members have work experience relevant to the PRC;
- d. Not less than one-third of the Board members are independent non-executive Directors; and
- e. At least one Board member is of the other gender.

The Board confirms that, as of the end of the Reporting Period, it has achieved the above objectives.

The Board and the Nomination Committee are of the view that the current composition of the Board aligns with the diversity principles set out in the Board diversity policy and can meet the operation and development needs of the Group, taking into consideration the existing Directors' professional experience, skills, knowledge, regions, gender, and other relevant factors, as well as the Group's operation and development needs. In the future development of the Group, when considering changes in Board members and composition, we will continue to consider the diversity principle in the Board diversity policy. All Director appointments will be made based on meritocracy with the consideration of diversity.

VI. CORPORATE GOVERNANCE REPORT

The Nomination Committee will review the Board diversity policy in due course to ensure it is relevant to the Group's needs and its alignment with current regulatory requirements and good corporate governance practices. Any necessary amendments to the policy will be discussed by the Nomination Committee, which will then make recommendations on amendments to the Board for approval.

(5) Employee Gender Diversity

The Group is well aware of the benefits of employee gender diversity in enhancing its performance and is committed to promoting gender diversity. Thus, the Group takes into account industry characteristics and the unique strengths of its employees to achieve employee gender diversity. It also regularly evaluates the situation of employee gender diversity and the progress in achieving diversity targets.

As of the end of the Reporting Period, the gender ratio of the Group's employees (including senior management) was 82% male: 18% female. Although the industry in which the Group operates may not traditionally emphasize gender diversity, we believe the current gender ratio is appropriate for the Group's business needs.

The Group is committed to maintaining a workplace free from harassment and discrimination through the implementation of human resource management policies, including discrimination based on age, gender, ethnicity, nationality, religion, marital status, or disability. All employees are entitled to equal opportunities for employment, training, and career development. These measures contribute to ensuring that every employee is treated fairly and equitably.

VI. CORPORATE GOVERNANCE REPORT

3. Remuneration Committee

(1) Members

As at the end of the Reporting Period, the Remuneration Committee consists of three independent non-executive directors, and their positions are as follows:

Name	Position
Ms. Zeng Xiangfei (<i>independent Non-executive Director</i>)	Chairlady
Mr. Chen Jiemiao (<i>independent Non-executive Director</i>)	Member
Mr. Li Jiang (<i>Independent Non-executive Director</i>)	Member

Terms of Reference and Rules of Procedures of the Remuneration Committee under the Board clearly stipulates the duties and roles of the Remuneration Committee. According to the requirements of the Terms of Reference and Rules of Procedures of the Remuneration Committee under the Board, the Remuneration Committee shall be chaired by an independent non-executive Director.

(2) Summary of Duties and Work

Terms of Reference and Rules of Procedures of the Remuneration Committee under the Board stipulates that the primary duties of the Remuneration Committee include, among other things, (i) making recommendations to the Board regarding our policy and structure for the remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; and (ii) making recommendations to the Board on the remuneration packages of the Directors and senior management and on the employee benefit arrangement.

During the Reporting Period, the Remuneration Committee held two meetings, during which the Remuneration Committee has reviewed and determined the remuneration policy and structure of the Company, assessed performance of the executive Directors and the senior management of the Company, reviewed the terms of service contracts or letters of appointment (as the case may be) of the Directors and senior management of the Company as well as the remuneration packages of Directors and senior management and other related matters of the Company.

(XI) CORPORATE GOVERNANCE FUNCTIONS

The Nomination Committee has been delegated by the Board to perform the following functions as set out in code provision A.2.1 of the CG Code:

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

VI. CORPORATE GOVERNANCE REPORT

- e. to review the Company's compliance with the CG Code and its disclosure in the Corporate Governance Report.

During the Reporting Period, the Nomination Committee and the Board have performed the functions set out in code provision A.2.1 of the CG Code.

(XII) BOARD INDEPENDENCE

The Company believes that the independence of the Board is essential to good corporate governance and the effectiveness of the Board. The Board has established the mechanisms to ensure that the independent views of any Director can be communicated to the Board to enhance the objectivity and effectiveness of decision-making.

With strong independent elements in the Board, the Board independently and objectively monitors strategic and performance-related issues. The current Board comprises more than one-third independent non-executive Directors, with both the Audit Committee and the Remuneration Committee are chaired by independent non-executive Directors. The Company has received from each independent non-executive Director a confirmation for independence pursuant to Rule 3.13 of the Listing Rules. The Board and the Nomination Committee have reviewed the independence of all independent non-executive Directors and concluded that all of them are independent within the definition of the Listing Rules. In addition, from the Listing Date to the end of the Reporting Period, the Board is not aware of any event which would impair the independence of any of the independent non-executive Directors.

Directors are requested to declare their direct or indirect interests, if any, in proposals or transactions to be considered by the Board at the Board meetings and abstain from voting, where appropriate. External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary. Independent non-executive Directors demonstrate professional competence and responsibility and will devote sufficient time to discharging their responsibilities to the Board. The Company has also established channels through formal and informal means whereby independent non-executive Directors can express their views in an open manner, and in a confidential manner, should circumstances requires.

During the Reporting Period, the Board reviewed the mechanisms and implementation related to the independence of the Board and considered that such mechanisms had been effectively implemented.

(XIII) DIRECTORS' RESPONSIBILITIES FOR PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors understand and acknowledge their responsibilities for preparing the consolidated financial statements of the Group for each financial year, which have truly and fairly reflected the financial position of the Group and the Company and the performance and cash flow of the Group in the year. During the preparation of the consolidated financial statements for the year ended 31 December 2025, the Board adopted suitable accounting policies and applied them consistently, made prudent, fair and reasonable judgments and estimates, and prepared the accounts on a going concern basis. The Directors believe, after making reasonable inquiries, that the Group has sufficient funds to meet the constant operations in the foreseeable future; therefore, the ongoing basis is suitable for the preparation of the consolidated financial statements.

The Directors are not aware of any material uncertainties related to any event or situation which may cast significant doubt upon the Group's ability to continue as a going concern.

VI. CORPORATE GOVERNANCE REPORT

Remuneration for Auditor

The statement of the Group's external auditor about its responsibilities on the audit of the consolidated financial statements of the Group for the year ended 31 December 2025 is set out in the section headed "IX. Independent Auditor's Report" in this report.

The audit services and non-audit services fees payable to the auditor of the Group by the Company for the Reporting Period are set out below:

Services	Fees paid/payable (RMB'000)
Audit services — audit fees for 2025	1,623
Non-audit services — fee of environmental, social and governance report for 2025	135

(XIV) RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management and Internal Control

The Board is of the view that effective risk management and internal control are integral and indispensable to the Group's achievement of long-term business growth and sustainable development. The purpose of establishing the risk management and internal control framework is to manage and reduce the Group's exposure to business risks to the extent acceptable, rather than to eliminate the risk of failure to achieve business objectives, and to be able to only provide reasonable but not absolute assurance against material misrepresentation or loss. The six major risks, namely strategic risk, financial risk, market risk, operating risk, compliance risk and legal risk are the main targets for the Group's risk management and also serve as a guide and direction for the construction of the internal control system.

Risk Management and Internal Control Arrangements

The Board guides the Group's comprehensive risk management works and is the ultimate decision-making body regarding the major risk matters arising from the comprehensive risk management. It is responsible for evaluating and determining the nature and level of risks that the Group is willing to accept for achieving its strategic objectives, and ensuring that the Group establishes and maintains suitable and effective risk management and internal control systems. It is accountable for the effectiveness of the Group's risk management.

The Audit Committee discussed the risk management and internal control systems together with the management to ensure that the management has fulfilled its responsibilities in establishing an effective system. The Board shall independently evaluate and supervise the compliance, legality and effectiveness of the enterprise's business activities.

The Group has set up a legal and compliance management position to carry out identification, evaluation, report analysis and response for risk management, while formulating internal control system. The internal control management position shall formulate internal control evaluation system according to the principle of checks and balances, carry out supervision and evaluation, arrange inspection and audit in respect of the internal control system, and issue supervision and evaluation report.

VI. CORPORATE GOVERNANCE REPORT

Structure of the Group's Risk Management

The Group adopts multi-layer management for its comprehensive risk management works. Such framework includes the Board, the Audit Committee, the Group's operational management, the management of the Group and its subsidiaries, and the internal management control position.

The Board (the decision-making level) guides the Group's comprehensive risk management works and is the ultimate decision-making body regarding the major risk matters in the comprehensive risk management process. It is responsible for evaluating and determining the nature and level of risks that the Group is willing to accept for achieving its strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. It is accountable for the effectiveness of the comprehensive risk management.

The Audit Committee (the supervision level) is responsible for overseeing the risk management system and internal control system of the Group and discussing the risk management and internal control system with the management to ensure that the management has fulfilled its responsibilities of establishment of an effective system.

The Group's operational management (the leading and organization level) makes decision on general risk management matters and conducts preliminary review on material risk management matters under the authorization of the Board.

The management of the Group and its subsidiaries (the implementation and organization level) is responsible for (i) the identification, evaluation, report analysis and response for the comprehensive risk management, with specific actions to be taken by the risk control department of the Company; and (ii) pushing forward and implementing specific risk management measures, monitoring various risks of the business, and promptly reporting risk information to the operational management of the headquarters of the Group.

Internal management control position establishes relevant supervision and evaluation systems for each of the Group's centers and subsidiaries to carry out supervision and evaluation, issues supervision and evaluation reports, arranges inspection and audit in respect of the internal control system, and conducts independence evaluation through internal audit work.

VI. CORPORATE GOVERNANCE REPORT

Risk Management Procedure

The Company identifies, evaluates and handles major business risks in accordance with the internal management and control system of the Group, the legal and compliance department formulates risk evaluation standards for the Company, evaluates major risks that may affect the achievement of business objectives, and determines the scope and content of internal audit based on the importance level of such risks. Meanwhile, business units evaluate the existing monitoring measures and management methods, and formulate solutions for the potential risks existing in operations and management.

Risk Management and Internal Control of the Company for the Reporting Period

During the Reporting Period, the Company focused on the development work for an internal control and compliance system across the Company. The Company completed the enhancements of its internal control system and revised the standard management system of key areas in compliance management, including “Insider Information Management System”, “Interim Management Measures for Connected Transactions”, “Measures for Preventing Funds Embezzlement by Controlling Shareholder and Related Parties”, and “Measures for External Investment Management”.

The Company undertook inspections into major legal risks across various departments and affiliated units, focusing on key areas of risk control, with particular attention paid to the management of key processes, including internal approvals and execution. During the Reporting Period, the Company continued to focus on the management of key processes, including internal approvals and execution, and reinforce the supervision over departmental and positional responsibilities, as well as internal process controls.

Risk Management and Internal Control Review

The Board is responsible for the risk management and internal control systems and confirms reviewing the effectiveness of the risk management and internal control at least once a year. Through the summary and evaluation of the results of various internal control work of the Company, it is confirmed that the management has effectively and orderly implemented the various risk management and internal control systems of the Company.

During the Reporting Period, the Board reviewed (among other things): (i) whether the resources for the Group’s accounting, internal audit and financial reporting functions were sufficient, whether the qualifications and experience of staff were matched, and whether the training courses and related budgets were enough; (ii) scope and quality of risk management, internal control system and their internal audit function works; (iii) whether the risk management and internal control systems were sound and effective; and (iv) whether the regulations and main business processes of the Group met the requirements of operation management and the needs of the rapid development of the Company.

VI. CORPORATE GOVERNANCE REPORT

The Board and Audit Committee continuously supervised the Group's risk management and internal control systems, identified the deficiencies in the design and operation of internal controls and recommended appropriate improvements.

The Board has also fully assessed the timeliness, effectiveness and standardization of the procedures for handling and releasing of the various inside information, connected transactions and other material matters of the Group, as well as the effectiveness of the Company's financial reporting and Listing Rules compliance procedures.

Through above review of the internal control, the Board considered that the Group's risk management and internal control systems were effective and adequate and that the overall risk level was within the Group's acceptable range. The Group also will further improve the risk management and internal control measures, constantly optimize the operation and management environment, ensure the efficient and compliance of operation of the Company, ensure the safety and reliability of the Company's capital and assets, strengthen the construction of the compliance risk control system, and promote the realization of the Company's development strategy.

Procedures for Handling and Dissemination of Inside Information

The Company has established the Regulations on Information Disclosure Management of Conch Mat Tech (《海螺材料科技信息披露管理細則》), which sets out procedures and internal controls for handling and disseminating inside information in an appropriate and timely manner, such as taking steps to determine sufficient details, conducting internal assessment of the matter and its possible impact on the Company, seeking professional advice when required and verifying the facts. Anyone in possession of the information must ensure such information is kept in strict confidentiality and is not allowed to buy or sell any securities of the Company until the information is fully disclosed to the public.

VI. CORPORATE GOVERNANCE REPORT

(XV) JOINT COMPANY SECRETARIES

Mr. Sun Huadong (孫華東) and Mr. Lee Leong Yin (李亮賢) are the joint company secretaries of the Company. Mr. Sun Huadong is the secretary to the Board and the internal joint company secretary of the Company. Mr. Lee Leong Yin is a senior manager of the Company Secretarial Services of Tricor Services Limited, a global professional services provider specialising in integrated business, corporate and investor services. All Directors may receive advice and services from the joint company secretaries in respect of corporate governance and Board practices and matters. Mr. Lee Leong Yin's primary contact person in the Company is Mr. Sun Huadong, the secretary to the Board and the joint company secretary of the Company. Mr. Sun Huadong will collaborate and communicate with Mr. Lee Leong Yin with respect to the Company's corporate governance and secretarial and administrative matters.

The biographical details of Mr. Sun Huadong and Mr. Lee Leong Yin are set out in the section headed "VIII. Biographies of Directors and Senior Management" in this report.

Pursuant to Rule 3.29 of the Listing Rules, the company secretary of an issuer is required to receive no less than 15 hours of relevant professional training. During the Reporting Period, Mr. Sun Huadong and Mr. Lee Leong Yin have participated in no less than 15 hours of relevant professional training during the Reporting Period, which is complied with Rule 3.29 of the Listing Rules.

(XVI) SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an Extraordinary General Meeting

According to the Articles of Association, the Shareholders who request to convene an extraordinary general meeting shall follow the following procedures:

- (I) Shareholder(s) individually or jointly holding 10% or more of the Shares of the Company shall have the right to request the Board of Directors to hold an extraordinary general meeting, and shall put forward such request to the Board of Directors in writing and state the resolution of the meeting. The Board of Directors shall give a written reply on whether or not it agrees to hold such extraordinary general meeting within 10 days after receipt of the request, in accordance with laws, administrative regulations, the listing rules of the stock exchange where the Company's Shares are listed and the Articles of Association.
- (II) If the board of directors agrees to convene the extraordinary general meeting, a notice for convening such meeting shall be issued within 5 days after the date of the resolution of the board of directors and any changes to the original proposal contained in the notice shall be subject to the approval of the relevant shareholders. If the board of directors does not agree to convene such meeting, or fails to give a written response within 10 days after receipt of the request, it shall be deemed that the board has not been able to perform or it does not perform its duty to convene such general meeting, and shareholder(s) individually or jointly holding 10% or more of the shares of the Company for no less than 90 consecutive days shall have the right to convene and preside over the meeting on their own.

VI. CORPORATE GOVERNANCE REPORT

According to the Articles of Association, if the Shareholders decide to convene a general meeting on their own, a written notice shall be submitted to the Board of Directors and filed with the relevant securities regulatory authority of the place where the Company is located and corresponding stock exchange in accordance with the applicable regulations. Prior to the announcement of the resolution of a general meeting, the convening Shareholder shall hold no less than 10% of the Shares of the Company. The Shareholders that convene the meeting shall, when circulating a notice of general meeting and making an announcement on the resolution of a general meeting, submit the relevant certification materials to the stock exchange.

The Board of Directors and the secretary to the Board shall cooperate with respect to the general meeting convened by the Shareholders on their own. The Board of Directors shall provide the register of Shareholders as of the shareholding record date. Where a general meeting is convened by the Shareholders on their own, all necessary expenses arising therefrom shall be borne by the Company.

Procedures for Raising Enquiries

1. Shareholders should direct their questions about their shareholdings, share transfer and registration, and payment of dividend to the Company's H Share Registrar, details of which are as follows:

Tricor Investor Services Limited

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

Email: is-enquiries@vistra.com

Tel: +852-29801333

Fax: +852-28108185

2. Shareholders may at any time make any enquiry to the Company at the following designated contacts, correspondence address, email address and enquiry hotlines of the Company:

Address: No. 1-301, G Zone, Jiangbei New District Construction Headquarters, 150 Meters South of Tongjiang Avenue, Wanjiang Jiangbei Emerging Industry Concentration Zone (except the Trusteeship Area), Wuhu City, Anhui Province, the PRC

Email: hlkjgf_conch@163.com

Tel: +86-0553-8396352

Fax: +86-0553-8396352

Attention: The Board of Directors/Secretary to the Board

VI. CORPORATE GOVERNANCE REPORT

3. Shareholders are encouraged to make enquires via the online enquiry form available on the Company's website at www.conchmst.com.
4. Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company at the appropriate time.

Procedures and Contact Details for Putting Forward Proposals at the General Meeting

According to the Articles of Association, whenever the Company convenes a general meeting, the Shareholder(s) individually or jointly holding more than 1% of the Company's Shares shall have the right to propose motions to the Company. Shareholder(s) individually or jointly holding more than 1% of the Company's Shares shall have the right to submit an interim motion in writing to the Board of Directors 10 days prior to the date of the general meeting. The Board of Directors shall issue a supplemental notice of the general meeting within two days after receiving the proposed motion announcing the contents of the interim motion. The supplemental notice shall contain the name of the Shareholder submitting the interim motions, shareholding percentage and the contents of the interim motions. The contents of the interim motion shall fall within the terms of reference of the general meeting, with clear subjects for discussion and specific issues for resolution. Save as provided above, the convener shall not amend motions stated in or add new motions to the notice of the general meeting after the same has been issued.

Written proposal can be sent by mail to the Company's headquarter and principal place of business in the PRC at No. 1-301, G Zone, Jiangbei New District Construction Headquarters, 150 Meters South of Tongjiang Avenue, Wanjiang Jiangbei Emerging Industry Concentration Zone (except the Trusteeship Area), Wuhu City, Anhui Province, the PRC, or by email at hkkgf_conch@163.com.

(XVII) CONSTITUTIONAL DOCUMENTS

To further enhance the Company's governance structure, the Board, in accordance with the Company Law and other relevant laws and regulations, and with reference to the Guidelines on the Articles of Association of Listed Companies (Revised in 2025) (《上市公司章程指引》(2025年修訂)), and in light of the Company's actual operational and management needs, resolved to abolish the board of supervisors of the Company and make corresponding amendments to the Articles of Association. The aforementioned amendments to the Articles of Association were approved by shareholders via a special resolution at the extraordinary general meeting of the Company held on 31 December 2025, and took effect on the same date. For details of the amendments to the Articles of Association, please refer to the circular of the Company dated 15 December 2025. The full text of the amended Articles of Association has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.conchmst.com).

VI. CORPORATE GOVERNANCE REPORT

(XVIII) COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company recognizes that the transparent and timely disclosure of corporate information will enable Shareholders and investors to make investment decisions in their best interests. The Company believes that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company has established the following channels to communicate with its Shareholders:

Corporate communication

Corporate Communication (as defined in the Listing Rules) refers to any document issued or to be issued by the Company for the information or action of holders of any of the Company's securities, including but not limited to the Directors' report, its annual accounts together with the auditor's report and, where applicable, its summary financial report; the interim report and, where applicable, its summary interim report; a notice of meeting; a listing document; a circular; and a proxy form.

Information will be communicated to Shareholders and the investors primarily through the following channels: corporate communication; the Company's website; annual general meetings and other general meetings; and meetings of investors and analysts.

Corporate Communication will be provided to Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or, where permitted, in a single language, in a timely manner as required by the Listing Rules. Shareholders may select (or be deemed that they have consented) to receive such documents electronically via the Company's website.

General meetings of Shareholders

The annual general meetings and other general meetings of the Company are primary forum for communication between the Company and its Shareholders, providing opportunities for face-to-face communication, enabling Shareholders to raise questions, express opinions and exchange views with the Board.

The Company shall provide Shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules, so as to ensure that Shareholders are able to make informed decisions on the proposed resolution(s).

The Company encourages and supports Shareholders' participation in general meetings. If a Shareholder is unable to attend the meeting, the Company encourages the Shareholder to appoint a proxy to attend and vote at the meeting on his/her behalf.

VI. CORPORATE GOVERNANCE REPORT

The Board regularly reviews the Shareholder engagement mechanism to maximize attendance.

Where appropriate or necessary, the chairman of the Board, appropriate members of Board committees or their representatives and the Company's external auditors shall attend the general meetings to answer Shareholders' questions, if any.

Company's website

The Company's website (www.conchmst.com) contains information about the Company, including Shareholder communication.

The Company will place on its website the Company's financial statements, announcements, circulars, notices of general meetings and other information in compliance with the applicable laws, rules and regulations. The website has a particular column of investor relations, which is updated on a regular basis.

Shareholders' enquiries

Shareholders may direct their enquiries about their shareholdings by email at is-enquiries@vistra.com or the hotline at (852) 29801333 or by visiting in person at the public counter for the H Share Registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. The Company will not normally deal with verbal or anonymous enquiries. To put forward any enquiries to the Board, Shareholders may send written enquiries to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Announcements and other documents made under the Listing Rules

The Company shall publish announcements (on matters such as inside information, corporate actions and transactions) and other documents (such as the Articles of Association) on the website of the Stock Exchange in due time according to the Listing Rules.

Others

The Company's H Share Registrar handles shareholding, share registration and related matters for Shareholders. From time to time, the joint company secretaries of the Company handle general enquiries from Shareholders and potential investors by telephone and in written form.

During the Reporting Period, the Board has reviewed the implementation and effectiveness of the Shareholders' communication policy and concludes that the Shareholders' communication policy has been effectively implemented.

VII. REPORT OF THE DIRECTORS

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

(I) COMPANY OVERVIEW AND INITIAL PUBLIC OFFERING

The Company is a joint stock limited liability company established under the laws of the PRC which was converted from its predecessor company on 15 July 2022. On 9 January 2025, the Company's H Shares were listed on the Main Board of the Stock Exchange through a global offering of 144,974,000 H Shares, comprising a Hong Kong public offering of 43,493,000 H Shares and an international offering of 101,481,000 H Shares. The H Shares were issued and subscribed to Hong Kong and overseas investors at an offer price of HK\$3.0 per H Share (excluding brokerage of 1.0%, Securities and Futures Commission transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and Accounting and Financial Reporting Council transaction levy of 0.00015%) by way of an initial public offering. The over-allotment option as described in the Prospectus was not exercised by the overall coordinator (for itself and on behalf of the international underwriters).

(II) PRINCIPAL ACTIVITIES

The Group is a fine chemical materials supplier which produces and sells cement admixture, concrete admixture and their respective upstream raw materials. Leveraging the Company's research and development endeavours and capabilities, the Group also provides technical support to the customers relating to the products provided by it.

There was no significant change in the nature of the Group's principal activities during the Reporting Period. Please refer to note 15 to the consolidated financial statements in this report for details of the principal activities of the principal subsidiaries of the Group. An analysis of the Group's revenue, other income and gains by product categories during the Reporting Period is set out in the section headed "V. Management Discussion and Analysis" of this report and note 4 and note 5 to the consolidated financial statements.

The business review and the discussion of future business development of the Group, as well as the analysis of the performance of the Group during the Reporting Period based on the key financial performance indicators are set out in "IV. Business Review and Outlook" section on pages 10 to 13 and "V. Management Discussion and Analysis" section on pages 14 to 21 of this report, respectively. These information forms part of the Report of the Directors.

(III) RELATIONS WITH THE SUBSTANTIAL STAKEHOLDERS

The Group fully understands that staff, customers and suppliers are keys to the sustainability and stability of the Group's development. The Group is committed to working closely with the staff, seeking long-term and win-win cooperation with the suppliers and to providing the customers with high-quality products and value-added services, so as to achieve corporate, sustainable and high-quality development.

The Group attaches great importance to the feelings of its employees and the development of team building, and provides employees with competitive remuneration and benefit packages, a sound and comprehensive vocational skill training system and career development plans. By strengthening employee care, the Group enhances employees' sense of belonging and identity. In addition, the Group is committed to continuously strengthening its talent team through a series of measures, including supplementing team building by introducing external experienced professionals, improving internal communication and learning mechanisms, and implementing a sound internal selection and appointment system.

VII. REPORT OF THE DIRECTORS

The Group's customers primarily consist of cement and concrete production enterprises or construction projects that produce concrete by themselves and procure intermediates for compounding. Thus, the Group provides finished admixture for the aforementioned customers. To maintain customer relationships and ensure the efficient application of its products and value-added technical solutions, the Group has strategically established factory bases and sales teams in key markets across China. Marketing campaigns are efficiently conducted and managed under a model where the Group's sales department coordinates, while regional sales teams are responsible for customers and markets within their respective regions.

In the raw materials procurement market, leveraging its advantage of stable market share and high demand from customers, the Group has always been dedicated to establishing cooperation relationships with suppliers, so as to build a stable, high-quality, and win-win supply chain cooperation mechanism, which plays a positive role in achieving long-term and steady collaboration and mutual growth.

(IV) RESULTS

The results of the Group during the Reporting Period are set out in the Consolidated Statement of Profit or Loss, and the Consolidated Statement of Profit or Loss and Other Comprehensive Income on pages 85 to 86 of this report.

Financial Summary

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years is set out on page 6 of this report. This summary does not form part of the audited consolidated financial statements.

(V) DIVIDEND AND RESERVES

The declaration of dividends is subject to the discretion of the Board and the approval of the Shareholders. The Board may recommend a payment of dividends in the future after taking into account the Company's operations and earnings, capital requirements and surplus, general financial condition, cash flows, contractual restrictions, capital expenditure and future development requirements, Shareholders' interests and other factors which the Directors may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to the constitutional documents and the PRC Company Law, including the approval of the Shareholders. Subject to the applicable laws and regulations, the Company's dividend policy is as follow:

- (i) if the debt to asset ratio of the Company (at entity level) is below 50%, the Company will distribute to the Shareholders no less than 60% of the distributable profits annually;
- (ii) if the debt to asset ratio of the Company (at entity level) is between 50% and 70%, we will distribute to the Shareholders no less than 40% of the distributable profits annually; and
- (iii) if the debt to asset ratio of the Company (at entity level) is more than 70%, we will distribute to the Shareholders no more than 30% of the distributable profits annually.

Despite the Company has such dividend policy, the Board has discretion to propose the amount of dividends to be distributed and the actual amount of dividends to be distributed is subject to the Shareholder's approval. As such any future declarations of dividends may or may not reflect the Company's historical declarations of dividends.

VII. REPORT OF THE DIRECTORS

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

During the Reporting Period, the Board is not aware of any Shareholders who have waived or agreed to waive any dividends.

Final Dividend

The Board proposed the distribution of a final cash dividend of RMB0.16 (tax inclusive) per Share for the year ended 31 December 2025 after taking into account of the dividend policy adopted by the Company. The aforesaid proposal is subject to the consideration and approval at the AGM of the Company. Shareholders whose names appear on the Company's register of members on Monday, 1 June 2026 will be entitled to receive the Proposed Final Dividend. The Proposed Final Dividend is expected to be paid on or around Monday, 22 June 2026. Any treasury shares and/or repurchased shares pending cancellation (if any) held by the Company will not be entitled to receive the Proposed Final Dividend. The Proposed Final Dividend will be declared in RMB and paid in RMB to shareholder of domestic shares, and in HKD to shareholder of H shares. The exchange rate from RMB to HKD will be based on the average of the middle exchange rates published by the People's Bank of China during the calendar week preceding the announcement of the Proposed Final Dividend.

Dividend Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) which was promulgated on 16 March 2007, and was amended on 24 February 2017 and 29 December 2018, respectively, the Provision for Implementation of Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) which was promulgated on 6 December 2007 and was amended on 23 April 2019 and 6 December 2024, respectively, and the Notice of the State Taxation Administration on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprise to Non-resident Enterprises Shareholders of Overseas H Shares (Guo Shui Han [2008] No. 897) (《國家稅務總局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 and implemented by the State Taxation Administration on 6 November 2008, and other requirements, where PRC resident enterprises distribute dividends for 2008 and subsequent years to non-resident enterprise holders of overseas H shares, they are required to withhold 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC resident enterprise, the Company will, after withholding 10% of the annual dividend as enterprise income tax, distribute the annual dividend to non-resident enterprise holders of overseas H shares whose names are listed on the H Shares register of members of the Company (i.e. any shareholder holding H shares in the name of a non-individual shareholder, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or shareholders of H shares registered in the name of other organizations and groups). After receiving dividends, the overseas non-resident enterprise shareholders may apply to the competent tax authorities for enjoying treatment under taxation treaties (arrangement) in person or by proxy or by the Company, and provide information to prove that they are the actual beneficiary under the requirements of such taxation treaties (arrangement). Upon the competent tax authorities have verified that there is no error, the 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 taxation treaties (arrangement) will be refunded.

VII. REPORT OF THE DIRECTORS

On 28 June 2011, the State Taxation Administration promulgated the Notice of the State Taxation Administration on the Issues on Levy of Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 Document (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[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 “**No. 348 Circular**”). Pursuant to the No. 348 Circular, overseas resident individual shareholders holding the shares of a domestic non-foreign-invested enterprise issued in Hong Kong are entitled to the relevant preferential tax treatments pursuant to the provisions in the tax treaties between the country(ies) in which they are domiciled and the PRC, and the tax arrangements between the Mainland and Hong Kong (Macau). Pursuant to the No. 348 Circular, individual income tax at a tax rate of 10% may in general be withheld in respect of the dividend and bonus to be distributed by the domestic non-foreign-invested enterprises whose shares have been issued in Hong Kong, without the need to apply for preferential tax treatments. However, the tax rate for each overseas resident individual shareholder may vary depending on the relevant tax treaties between the country(ies) of their domicile and the PRC.

If the individual shareholders 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 shareholders 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 preferential tax treatment, provided that the relevant shareholders submit the relevant documents and information required by the provisions of the relevant tax treaties in a timely manner. The Company will assist with the tax refund of additional amount of tax withheld and paid subject to the approval of the competent tax authorities.

If the individual shareholders 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 shareholders of H Shares are residents of countries or regions that have a tax rate of 20% under the tax treaties with the PRC, or 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, Hong Kong and other tax implications.

Distributable Reserves

As at the end of the Reporting Period, the Company’s total reserves available for distribution to the equity Shareholders of the Company amounted to approximately RMB70 million. Details of movements in the reserves of the Group and the Company are set out in note 26 to the consolidated financial statements.

VII. REPORT OF THE DIRECTORS

(VI) ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, 20 May 2026. The notice of the AGM will be published on the website of the Company (www.conchmst.com) and the website of the Stock Exchange (www.hkexnews.hk) in the manner stipulated by the Listing Rules in due course, and will be, where necessary, despatched to the Shareholders.

(VII) CLOSURE OF REGISTER OF MEMBERS

In order to determine the qualification of Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 15 May 2026 to Wednesday, 20 May 2026, both days inclusive, during which period no transfer of Shares will be registered. In order for Shareholders to be eligible to attend and vote at the AGM, all completed share transfer forms together with the relevant share certificates shall be lodged with the H Share Registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (in respect of Shareholders of H shares), or the office of the Board of the Company, at No. 1-301, G Zone, Jiangbei New District Construction Headquarters, 150 Meters South of Tongjiang Avenue, Wanjiang Jiangbei Emerging Industry Concentration Zone (except the Trusteeship Area), Wuhu City, Anhui Province, China (in respect of Shareholders of domestic shares) for registration not later than 4:30 p.m. on Thursday, 14 May 2026. Shareholders whose names are listed on the register of members of the Company on Wednesday, 20 May 2026 are entitled to attend and vote at the AGM.

In order to determine the eligibility of Shareholders for the Proposed Final Dividend, the register of members of the Company will be closed from Wednesday, 27 May 2026 to Monday, 1 June 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to determine the Shareholders' entitlement to the Proposed Final Dividend, all completed share transfer forms together with the relevant share certificates shall be lodged with the H Share Registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (in respect of Shareholders of H shares), or the office of the Board, at No. 1-301, G Zone, Jiangbei New District Construction Headquarters, 150 Meters South of Tongjiang Avenue, Wanjiang Jiangbei Emerging Industry Concentration Zone (except the Trusteeship Area), Wuhu City, Anhui Province, China (in respect of Shareholders of domestic shares) for registration not later than 4:30 p.m. on Tuesday, 26 May 2026. Shareholders whose names are listed on the register of members of the Company on Monday, 1 June 2026 are entitled to receive the Proposed Final Dividend.

(VIII) PROPERTY, PLANT AND EQUIPMENT

As at the end of the Report Period, the property, plant and equipment of the Group amounted to approximately RMB1,106 million. Details of the changes in property, plant and equipment of the Group during the Reporting Period are set out in note 11 to the consolidated financial statements.

(IX) SUBSIDIARIES

Details of the principal subsidiaries of the Company are set out in note 15 to the consolidated financial statements.

VII. REPORT OF THE DIRECTORS

(X) COMPLIANCE WITH LAWS AND REGULATIONS

Save as disclosed in this report, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, save as disclosed in this report, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

(XI) ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group attaches great importance to the importance of environmental protection and has not noticed any material violations of all relevant laws and regulations related to its business, including environmental protection, health and safety, workplace conditions, employment and environment. We are committed to complying with applicable rules, laws, regulations and industry standards regarding workplace safety and environmental matters. As such, our human resources department will (if necessary) adjust our human resources policies to accommodate significant changes in relevant labor and safety laws and regulations. For information about the environmental policies and performance of the Group, please refer to the Company's Environmental, Social and Governance Report for the year ended 31 December 2025, which has been published concurrently with this report on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.conchmst.com) in accordance with the Listing Rules.

(XII) SHARE CAPITAL

As at the end of the Reporting Period, the total share capital of the Company was RMB434,920,000, representing 434,920,000 shares of RMB1.00 per Share. Details of movements in the share capital of the Company for the Reporting Period are set out in note 26 to the consolidated financial statements of this report.

(XIII) DEBENTURES

The Company did not issue any debentures during the Reporting Period.

VII. REPORT OF THE DIRECTORS

(XIV) USE OF PROCEEDS FROM THE GLOBAL OFFERING

On 9 January 2025, the Company's H Shares were listed on the Main Board of the Stock Exchange through a global offering of 144,974,000 H Shares, comprising a Hong Kong public offering of 43,493,000 H Shares and an international offering of 101,481,000 H Shares. The H Shares were issued and subscribed to Hong Kong and overseas investors at an offer price of HK\$3.0 per H Share (excluding brokerage of 1.0%, Securities and Futures Commission transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and Accounting and Financial Reporting Council transaction levy of 0.00015%) by way of an initial public offering. The over-allotment option as described in the Prospectus was not exercised by the overall coordinator (for itself and on behalf of the international underwriters).

The table below sets out the breakdown of the use of proceeds from the Global Offering as at the end of the Reporting Period.

Use of net proceeds	Percentage of net proceeds	Estimated net proceeds allocated as disclosed in the Prospectus (HK\$ million)	Allocated net proceeds from the Global Offering ^(Note) (HK\$ million)	Net proceeds utilized since the Listing and up to the end of the Reporting Period (HK\$ million)	Expected timeline of full utilization of net proceeds	Remaining amount as of the end of the Reporting Period (HK\$ million)
Optimise production capacity and extend our geographical presence	35.0%	146.2	138.5	79.4	June 2028	59.1
Partially finance the production activities of a production plant located in Huludao, Liaoning	3.2%	13.2	12.5	—	December 2026	12.5
Acquire and install production machinery in our Ningbo Production Plant	18.0%	75.1	71.3	71.3	June 2026	—
Construct overseas production plants located in Uzbekistan and Indonesia	10.8%	45.3	42.8	8.1	June 2028	34.7
Enhance the extent of automation and digitalisation in production processes	2.0%	8.4	7.9	—	June 2026	7.9
Strengthen the production infrastructure	1.0%	4.2	4.0	—	December 2026	4.0
Implement marketing initiatives	10.0%	41.8	39.6	—	June 2026	39.6
Devote further resources to our research and development initiatives	15.0%	62.6	59.4	—	June 2028	59.4
Support our various research and development initiatives	13.3%	55.6	52.7	—	June 2028	52.7
Develop and commercialise our new product, ethylene carbonate (碳酸乙烯酯)	1.7%	7.0	6.7	—	December 2026	6.7
Repay certain bank loans	15.0%	62.6	59.4	20	December 2025	39.4
Acquire companies or establish joint ventures	15.0%	62.6	59.4	—	December 2026	59.4
General working capital	10.0%	41.8	39.6	9.3	December 2025	30.3
Total	100.0%	417.6	395.9	108.7		287.2

VII. REPORT OF THE DIRECTORS

Note: The difference between net proceeds finally received from the Global Offering and the estimated net proceeds as disclosed in the Prospectus has been adjusted in the same manner and in the same proportion to the use of proceeds as disclosed in the Prospectus.

Should the net proceeds not be utilized immediately, the balance will be deposited with banks. The Company plans to change the intended use of the net proceeds as previously disclosed in the Prospectus. For further details, please refer to the announcement of the Company dated 31 March 2026 in relation to the proposed change in use of proceeds.

(XV) PRE-EMPTIVE RIGHTS

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

(XVI) THE DIRECTORS

The Directors for the Reporting Period and up to the date of this report are as follows:

Executive Directors

Mr. Chen Feng
Mr. Bai Lin

Non-executive Directors

Mr. Ding Feng (*Chairman*)
Mr. Feng Fangbo (*Vice Chairman*)
Mr. Zhao Hongyi (*Vice Chairman*)
Mr. Jin Feng
Mr. Fan Haibin

Independent Non-executive Directors

Mr. Li Jiang
Mr. Chen Jiemiao
Ms. Xu Xu
Ms. Zeng Xiangfei

(XVII) BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out in the section headed “VIII. Biographies of Directors and Senior Management” in this report.

VII. REPORT OF THE DIRECTORS

(XVIII) CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received confirmations from each of the independent non-executive Directors regarding their independence in relation to the factors referred to in Rule 3.13 of the Listing Rules and the Company considers that all of the independent non-executive Directors are independent from the Listing Date to the end of the Reporting Period.

(XIX) SERVICE CONTRACTS OF DIRECTORS

The Company entered into a service contract with each of executive Directors, non-executive Directors and a letter of appointment with each of independent non-executive Directors on 16 December 2024, for an initial term of three years from the Listing Date. Save as disclosed above, none of the Directors has or is proposed to have a service contract or letter of appointment (as the case may be) with the Company or any subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(XX) INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, to the best knowledge of the Directors, none of the Directors or the Company's controlling shareholders or any entity connected with the Directors or the Company's controlling shareholders or subsidiaries had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, the Company's controlling shareholders or any of its subsidiaries or fellow subsidiaries was a party during or as at the end of the Reporting Period.

(XXI) DEED OF NON-COMPETITION

Each of Conch Tech Innovation and Conch Holdings (being the controlling shareholders of the Company) entered into a deed of non-competition dated 27 December 2024 (the "**Deed of Non-competition**") who have undertaken to the Company (for itself and on behalf of each other member of the Group) that it would not, and would procure that its close associates (except any members of the Group) not to, during the Restricted Period (as defined below), directly or indirectly, either on its own account or in conjunction with or on behalf of any person, firm or company (except through any member of the Group), among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise, and whether for profit, reward or otherwise) any Restricted Business (as defined below), whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person.

VII. REPORT OF THE DIRECTORS

The “**Restricted Business**” stated in the Deed of Non-competition refers to any activity or business which competes, or is likely to compete, either directly or indirectly, with: (a) the existing business activities of the Group; and (b) any other business from time to time conducted, entered into, engaged in or invested in by any member of the Group or which the Company has otherwise published an announcement on the website of the Stock Exchange stating its intention to conduct, enter into, engage in or invest in, save as disclosed in the Prospectus.

The obligation of Conch Tech Innovation and Conch Holdings under the Deed of Non-competition will remain binding on each of them until the earlier of the followings: (a) the date on which the Shares cease to be listed on the Stock Exchange (except for temporary suspension of trading of the Shares on the Stock Exchange for any reason); or (b) the date on which Conch Tech Innovation and Conch Holdings and its close associates, collectively cease to be entitled to exercise or control the exercise of not less than 30% in aggregate of the voting power at general meetings of the Company or otherwise cease to be a group of controlling shareholders of the Company. “**Restricted Period**” shall mean the period commencing on the Listing Date until the earlier of the above events.

Each of Conch Tech Innovation and Conch Holdings has also undertaken to the Company (for itself and for the benefit of each other member of the Group) that in the event that it or its close associate(s) (other than any member of the Group) is given/identified/offered/made available any business investment or commercial opportunity relating to the Restricted Business (the “**New Business Opportunity**”), it will and will procure its close associates to refer the New Business Opportunity to the Company as soon as practicable.

The Company has confirmed with each of Conch Tech Innovation and Conch Holdings in respect of its and/or its close associates’ compliance with the Deed of Non-competition from the Listing Date to the end of the Reporting Period. The independent non-executive Directors have reviewed the Deed of Non-competition and enforcement of the terms thereof by each of Conch Tech Innovation and Conch Holdings. The independent non-executive Directors confirmed that each of Conch Tech Innovation and Conch Holdings has not been in breach of Deed of Non-Competition from the Listing Date to the end of the Reporting Period. Given the Deed of Non-competition were not breached, the independent non-executive Directors considered that no further disclosure on the compliance with and the enforcement of the Deed of Non-competition and the decisions on matters reviewed by the independent non-executive Directors are required to be made in this report.

(XXII) DIRECTORS’ INTERESTS IN COMPETING BUSINESS

During the Reporting Period, to the knowledge of the Directors, none of the Directors controlled any business that was similar to the principal business of the Group, directly or indirectly competed or might compete with the Group’s business and was required to be disclosed pursuant to the Rule 8.10 of the Listing Rules.

VII. REPORT OF THE DIRECTORS

(XXIII) COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors and senior management of the Company receive compensation in the form of fees, salaries, allowances, and benefit in kind, discretionary bonuses, pension scheme contributions and social welfare and equity-settled share-based compensation. The compensation of Directors and senior management of the Company is determined based on each Director and senior management's responsibilities, qualification, position and seniority. The Company also reimburses them for expenses which are reasonably and necessarily incurred for providing services to the Company or performing their duties in relation to the operation. The Company regularly reviews and determines the remuneration packages of the Directors and senior management of the Company. Details of the emoluments of the Directors and senior management of the Company and emoluments of the five highest paid individuals in the Group are set out in note 8, note 9 and note 29 to the consolidated financial statements of this report.

During the Reporting Period, the personal remuneration ranges of senior management of the Company are as follows:

Range (RMB)	Number of individuals
600,001–800,000	2
800,001–1,000,000	1
1,000,001–1,200,000	1
1,200,001–1,400,000	2
1,400,001–1,600,000	1

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

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

(XXIV) CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

As at the end of the Reporting Period, the Company did not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

(XXV) MATERIAL LEGAL PROCEEDINGS

During the Reporting Period and up to the date of this report, no member of the Group was involved in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

(XXVI) LOANS AND OTHER BORROWINGS

Details of bank loans or other borrowings of the Company and its subsidiaries during the Reporting Period are set out in note 20 to the consolidated financial statements in this report. As at the end of the Reporting Period, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors and senior management of the Company, or their respective connected persons.

VII. REPORT OF THE DIRECTORS

(XXVII) DISCLOSURE OF INTERESTS

Interests and Short Positions of the Substantial Shareholders

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

Name	Capacity/Nature of interest	Class of Shares ⁽¹⁾	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the class of Shares in issue (%) ⁽¹⁾	Approximate percentage of shareholding in Shares in issue (%) ⁽¹⁾
Conch Tech Innovation ⁽²⁾	Beneficial owner	Domestic Shares	198,470,000 (L)	50.31	34.23
	Beneficial owner	H Shares	13,000,000 (L)	7.01	2.24
Conch Holdings ⁽²⁾	Interest in controlled corporation	Domestic Shares	198,470,000 (L)	50.31	34.23
	Interest in controlled corporation	H Shares	13,000,000 (L)	7.01	2.24
Anhui Provincial Investment Group Holding Co., Ltd. (安徽省投資集團控股有限公司) ("Anhui Investment Group") ⁽²⁾	Interest in controlled corporation	Domestic Shares	198,470,000 (L)	50.31	34.23
	Interest in controlled corporation	H Shares	13,000,000 (L)	7.01	2.24
Wuhu Conch Venture Industrial Company Limited (蕪湖海創實業有限責任公司) ("Wuhu Conch Venture") ⁽²⁾	Interest in controlled corporation	Domestic Shares	198,470,000 (L)	50.31	34.23
	Interest in controlled corporation	H Shares	13,000,000 (L)	7.01	2.24
China Conch Venture Holdings Limited (中國海螺創業控股有限公司) ("Conch Venture") ⁽²⁾	Interest in controlled corporation	Domestic Shares	198,470,000 (L)	50.31	34.23
	Interest in controlled corporation	H Shares	13,000,000 (L)	7.01	2.24
Hubei Xintongling Equity Investment Co., Ltd. (湖北鑫統領股權投資有限公司) ("Hubei Xintongling") ⁽³⁾	Beneficial owner	Domestic Shares	96,101,600 (L)	24.36	16.57
	Beneficial owner	H Shares	8,698,400 (L)	4.69	1.50
Mr. Ming Jinlong (明金龍) ⁽³⁾	Interest in controlled corporation	Domestic Shares	96,101,600 (L)	24.36	16.57
	Interest in controlled corporation	H Shares	8,698,400 (L)	4.69	1.50

VII. REPORT OF THE DIRECTORS

Name	Capacity/Nature of interest	Class of Shares ⁽¹⁾	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the class of Shares in issue (%) ⁽¹⁾	Approximate percentage of shareholding in Shares in issue (%) ⁽¹⁾
Ms. Li Yang (李揚) ⁽⁴⁾	Interest of Spouse	Domestic Shares	96,101,600 (L)	24.36	16.57
	Interest of Spouse	H Shares	8,698,400 (L)	4.69	1.50
Ms. Feng Li (馮莉) ⁽⁵⁾	Interest of Spouse	Domestic Shares	96,101,600 (L)	24.36	16.57
	Interest of Spouse	H Shares	8,698,400 (L)	4.69	1.50
Linyi Haihong New Material Technology Co., Ltd. (臨沂海宏新型材料科技有限公司) ("Linyi Haihong") ⁽⁶⁾	Beneficial owner	Domestic Shares	64,661,600 (L)	16.39	11.15
	Beneficial owner	H Shares	8,698,400 (L)	4.69	1.50
Ms. Han Lili (韓麗利) ⁽⁷⁾	Interest of Spouse	Domestic Shares	64,661,600 (L)	16.39	11.15
	Interest of Spouse	H Shares	8,698,400 (L)	4.69	1.50
Wuhu Artec Biotechnology Co., Ltd. (蕪湖阿泰克生物科技公司)	Beneficial owner	H Shares	17,675,000 (L)	9.53	3.05
Shenzhen Gaodeng Computer Technology Co., Ltd. (深圳高燈計算機科技有限公司)	Beneficial owner	H Shares	20,351,000 (L)	10.98	3.51
Anhui Shengchang Chemical Co., Ltd. (安徽盛昌化工有限公司)	Beneficial owner	H Shares	23,342,000 (L)	12.59	4.03
Gotion High-tech Co., Ltd. (國軒高科股份有限公司)	Beneficial owner	H Shares	17,543,000 (L)	9.46	3.03
SCGC Capital Holding Company Limited	Beneficial owner	H Shares	15,703,000 (L)	8.47	2.71

VII. REPORT OF THE DIRECTORS

Notes:

- (1) As at the end of the Reporting Period, the total number of issued Shares of the Company was 579,894,000 Shares, comprising 394,523,200 Domestic Shares and 185,370,800 H Shares. The letter (L) refers to long position in the Shares.
- (2) Conch Tech Innovation was wholly-owned by Conch Holdings, which was in turn held as to 51% by Anhui Investment Group and 49% by Wuhu Conch Venture, an independent third party. Anhui Investment Group was wholly-owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Anhui Province (安徽省人民政府國有資產監督管理委員會), while Wuhu Conch Venture was wholly-owned by Conch Venture (the shares of which are listed on the Main Board of the Stock Exchange (stock code: 586)). By virtue of the SFO, Conch Holdings, Anhui Investment Group, Wuhu Conch Venture and Conch Venture are deemed to be interested in the Shares held by Conch Tech Innovation.
- (3) Hubei Xintongling was owned as to 60% by Mr. Feng Fangbo (馮方波), a non-executive Director, and 40% by Mr. Ming Jinlong. By virtue of the SFO, Mr. Feng Fangbo and Mr. Ming Jinlong are deemed to be interested in the Shares held by Hubei Xintongling.
- (4) Ms. Li Yang is the spouse of Mr. Feng Fangbo, a non-executive Director. By virtue of the SFO, Ms. Li Yang is deemed to be interested in the Shares in which Mr. Feng Fangbo is interested.
- (5) Ms. Feng Li is the spouse of Mr. Ming Jinlong. By virtue of the SFO, Ms. Feng Li is deemed to be interested in the Shares in which Mr. Ming Jinlong is interested.
- (6) Linyi Haihong was owned as to 88% by Mr. Zhao Hongyi (趙洪義), a non-executive Director, and 12% by Mr. Chen Jun (陳軍). By virtue of the SFO, Mr. Zhao Hongyi is deemed to be interested in the Shares held by Linyi Haihong.
- (7) Ms. Han Lili is the spouse of Mr. Zhao Hongyi, a non-executive Director. By virtue of the SFO, Ms. Han Lili is deemed to be interested in the Shares in which Mr. Zhao Hongyi is interested.

Save as disclosed above, as at the end of the Reporting Period, the Directors were not aware of any other persons, other than the Directors and the chief executives of the Company, who had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under Section 336 of the SFO.

VII. REPORT OF THE DIRECTORS

Interests and Short Position of Each of the Directors and Chief Executives in Shares, Underlying Shares and Debentures

As at the end of the Reporting Period, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

The Company

Name	Position	Capacity/Nature of interest	Class of Shares ⁽¹⁾	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the class of Shares in issue (%) ⁽¹⁾	Approximate percentage of shareholding in Shares in issue (%) ⁽¹⁾
Mr. Feng Fangbo ⁽²⁾	Non-executive Director	Interest in controlled corporations	Domestic Shares	96,101,600 (L)	24.36	16.57
		Interest in controlled corporations	H Shares	8,698,400 (L)	4.69	1.50
Mr. Zhao Hongyi ⁽³⁾	Non-executive Director	Interest in controlled corporations	Domestic Shares	64,661,600 (L)	16.39	11.15
		Interest in controlled corporations	H Shares	8,698,400 (L)	4.69	1.50

Notes:

- (1) As at the end of the Reporting Period, the total number of issued Shares of the Company was 579,894,000 Shares, comprising 394,523,200 Domestic Shares and 185,370,800 H Shares. The letter (L) refers to long position in the Shares.
- (2) Hubei Xintongling was owned as to 60% by Mr. Feng Fangbo and 40% by Mr. Ming Jinlong. By virtue of the SFO, Mr. Feng Fangbo is deemed to be interested in the Shares held by Hubei Xintongling.
- (3) Linyi Haihong was owned as to 88% by Mr. Zhao Hongyi and 12% by Mr. Chen Jun. By virtue of the SFO, Mr. Zhao Hongyi is deemed to be interested in the Shares held by Linyi Haihong.

Save as disclosed above, as at the end of the Reporting Period, none of the Directors or the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

VII. REPORT OF THE DIRECTORS

(XXVIII) REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Since the Listing Date and up to the end of the Reporting Period, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined in the Listing Rules)). As at the end of the Reporting Period, the Company did not hold any treasury shares.

(XXIX) MINIMUM PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, since the Listing Date and up to end of the Reporting Period, the Company's share capital consisted of 394,523,200 Unlisted Shares and 185,370,800 H Shares. Among the 185,370,800 H Shares listed on the Stock Exchange, the 40,396,800 H Shares held by Anhui Huiyuan New Energy Industry Investment Fund Partnership (Limited Partnership) (安徽徽元新能源產業投資基金合夥企業(有限合夥)), Wuhu Industrial Investment Fund Co., Ltd. (蕪湖產業投資基金有限公司), Wuhu Longmen Multiply Private Equity Investment Partnership (Limited Partnership) (蕪湖龍門倍增私募股權投資合夥企業(有限合夥)), Conch Tech Innovation, Hubei Xintongling and Linyi Haihong New Material Technology Co., Ltd. (臨沂海宏新材料科技有限公司) is not counted towards the public float as they are core connected persons of the Company. The remaining 144,974,000 H Shares representing approximately 25% of our total issued Shares (excluding treasury shares) is counted towards the public float.

Pursuant to Rule 19A.28B(1) of the Listing Rules, the minimum percentage threshold of public float applicable to the Company is 25% of the total number of issued Shares in the class to which H Shares belong (excluding treasury shares). As such, the Company has complied with Rule 19A.28B of the Listing Rules since the Listing Date and up to the end of the Reporting Period.

(XXX) CHANGE OF DIRECTORS AND SENIOR MANAGEMENT MEMBERS

During the Reporting Period and as of the date of this report, the detailed changes of directors and senior management members of the Company are as follows:

1. Ms. Zeng Xiangfei was appointed as a member of the Nomination Committee, with effect from 26 June 2025.
2. Mr. Sun Huadong was appointed as the secretary to the Board and joint company secretary of the Company, with effect from 2 July 2025.
3. Mr. Ning Jitai ceased to serve as the secretary to the Board and joint company secretary of the Company, with effect from 2 July 2025.
4. The Company completed the re-election of the Board on 30 July 2025. All directors of the first session of the Board were elected as directors of the second session of the Board.
5. Mr. Chen Feng was appointed as a member of the Nomination Committee and ceased to be a member of the Remuneration Committee, with effect from 30 July 2025.
6. Mr. Chen Jiemiao was appointed as a member of the Remuneration Committee, with effect from 30 July 2025.
7. Mr. Qian Shanshan was appointed as the deputy chief engineer of the Company, with effect from 29 August 2025.

VII. REPORT OF THE DIRECTORS

(XXXI) MANAGEMENT CONTRACTS

During the Reporting Period, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed.

(XXXII) RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group are set out in note 29 to the consolidated financial statements. Save as disclosed in this report, none of the related party transactions as disclosed in note 29 to the consolidated financial statements constitute any non-exempt connected transactions or continuing connected transaction which should be disclosed pursuant to the Listing Rules.

(XXXIII) CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Below sets out the non-exempt continuing connected transactions entered into by the Group during the Reporting Period:

1. TCC International Cement Admixtures Framework Agreement

Principal terms

On 4 December 2024, we entered into a cement admixtures framework agreement (the “**TCC International Cement Admixtures Framework Agreement**”) with TCC International Holdings Ltd. (“**TCC International**”), pursuant to which the Group will provide cement admixtures to TCC International and its subsidiaries (“**TCC International Group**”). The TCC International Cement Admixtures Framework Agreement has a term commencing from 1 January 2025 and up to 31 December 2025. The Group will enter into individual sub-contracts with TCC International Group setting out specific terms and conditions based on the principles provided in the TCC International Cement Admixtures Framework Agreement. The annual cap for the transactions under the “TCC International Cement Admixtures Framework Agreement” shall be RMB55 million.

The unit price of cement admixtures will be determined on arm’s length basis with reference to the terms of the JV agreement dated 8 August 2020 and entered into among our predecessor company, i.e. Anhui Conch New Material Technology Co., Ltd.* (安徽海螺新材料科技有限公司), TCC (Guigang) Cement Limited and TCC International, our pricing policies, the fair market price and the unit price of similar products being sold to other customers and independent third party on fair basis, taking into account the cost involved, the complexity level of the techniques and procedures needed to produce the required quality cement admixtures and resources required and the quantity to be procured by TCC International and its relevant subsidiaries.

The amount (tax inclusive) of the relevant transactions under the TCC International Cement Admixtures Framework Agreement for the year ended 31 December 2025 was RMB39.935 million.

Connected relationship with the Company

TCC International was the indirect holding company of TCC (Guigang) Cement Limited, which is a substantial shareholder of Guigang Conch Taini New Material Technology Co., Ltd.* (貴港海螺台泥新材料科技有限公司) (“**Guigang Conch**”) holding 40% equity interest in it. Guigang Conch is a subsidiary of the Company and hence TCC International is considered as a connected person at the subsidiary level of the Group under Chapter 14A of the Listing Rules. The transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

VII. REPORT OF THE DIRECTORS

2. Gansu Shangfeng Cement Admixtures Framework Agreement

Principal terms

On 23 May 2024, we entered into a framework agreement for the sales of cement admixtures (the “**Gansu Shangfeng Cement Admixtures Framework Agreement**”) with Gansu Shangfeng Cement Co., Ltd.* (甘肅上峰水泥股份有限公司) (“**Gansu Shangfeng**”), pursuant to which the Group will provide cement admixtures to Gansu Shangfeng and its subsidiaries (“**Gansu Shangfeng Group**”). The Gansu Shangfeng Cement Admixtures Framework Agreement has a term commencing from 23 May 2024 and up to 31 December 2025. The Group will enter into individual sub-contracts with Gansu Shangfeng Group setting out specific terms and conditions based on the principles provided in the Gansu Shangfeng Cement Admixtures Framework Agreement. The annual cap for the transactions under the “Gansu Shangfeng Cement Admixtures Framework Agreement” shall be RMB35 million.

The unit price of cement admixtures will be determined on arm’s length basis with reference to the unit price of similar products being sold to other independent third party customers by the Group, taking into account the cost involved, the complexity level of the techniques and procedures needed to produce the required quality cement admixtures and resources required.

The amount (tax inclusive) of the relevant transactions under the Gansu Shangfeng Cement Admixtures Framework Agreement for the year ended 31 December 2025 was RMB7.928 million.

Connected relationship with the Company

Gansu Shangfeng was the holding company of Zhejiang Shangfeng Building Materials Co., Ltd. (浙江上峰建材有限公司), which is a substantial shareholder of Tongling Conch New Material Technology Co., Ltd.* (銅陵海螺新材料科技有限公司) (“**Tongling Conch**”) holding 20% equity interest in it. Tongling Conch is a subsidiary of the Company and hence Gansu Shangfeng is considered as a connected person at the subsidiary level of the Group under Chapter 14A of the Listing Rules. The transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Implications under the Listing Rules

As (i) all applicable percentage ratios under the Listing Rules (other than the profits ratio) in respect of the annual cap in relation to the TCC International Cement Admixtures Framework Agreement and Gansu Shangfeng Cement Admixtures Framework Agreement are expected to be less than 5%; and (ii) each of TCC International and Gansu Shangfeng is a connected person of the Company at the subsidiary level and the terms of these agreements (a) have been approved by the Board; and (b) have been confirmed by our independent non-executive Directors to be fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under these agreements are subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders’ approval requirements under Rules 14A.76(2)(a) and 14A.101 of the Listing Rules.

VII. REPORT OF THE DIRECTORS

3. Xintongling Concrete Admixtures Framework Agreement

Principal terms

On 23 May 2024, we entered into a framework agreement for the sales of concrete admixtures (the “**Xintongling Concrete Admixtures Framework Agreement**”) with Xintongling Building Material Group Co., Ltd.* (鑫統領建材集團有限公司) (“**Xintongling**”), pursuant to which the Group will provide concrete admixtures to Xintongling and its subsidiaries (“**Xintongling Group**”). The Xintongling Concrete Admixtures Framework Agreement has a term commencing from 23 May 2024 and up to 31 December 2025. The Group will enter into individual sub-contracts with Xintongling Group setting out specific terms and conditions based on the principles provided in the Xintongling Concrete Admixtures Framework Agreement. The annual cap for the transactions under the “Xintongling Concrete Admixtures Framework Agreement” shall be RMB20 million.

The unit price of concrete admixtures will be determined on arm’s length basis with reference to the unit price of similar products being sold to other independent third party customers by the Group, taking into account the cost involved, the complexity level of the techniques and procedures needed to produce the required quality concrete admixtures and resources required.

The amount (tax inclusive) of the relevant transactions under the Xintongling Concrete Admixtures Framework Agreement for the year ended 31 December 2025 was RMB10.747 million.

Connected relationship with the Company

Xintongling was held as to 99% by Mr. Feng Fangbo, a non-executive Director of the Company, therefore, is considered as a connected person of the Group under Chapter 14A of the Listing Rules. The transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

4. Supply Chain Logistic Transportation Service Agreement

Principal terms

On 23 December 2024, we entered into a supply chain logistic transportation service framework agreement (the “**Supply Chain Logistic Transportation Service Agreement**”) with Anhui Haihui Supply Chain Technology Co., Ltd.* (安徽海慧供應鏈科技有限公司) (“**Haihui Company**”). Pursuant to the Supply Chain Logistic Transportation Service Agreement, Haihui Company, through its Haihui supply chain logistic platform (the “**Haihui Platform**”), integrates and consolidates logistic resources, identifies transportation service carriers for the Group’s products and provides corresponding management services. Open tender for transportation services required by the Group will be conducted by Haihui Company through the Haihui Platform, successful transportation service carriers will provide supply chain logistic transportation services to the Group in accordance with the agreed tender proposal. On 14 November 2025, the Company entered into the supplemental agreement with Haihui Company to revise the existing annual cap for the year ended 31 December 2025 under the Supply Chain Logistic Transportation Service Agreement from RMB20 million to RMB26 million.

The Supply Chain Logistic Transportation Service Agreement has a term commencing from 1 January 2025 and up to 31 December 2025. The Group will enter into individual sub-contracts with Haihui Company setting out specific terms and conditions based on the principles provided in the Supply Chain Logistic Transportation Service Agreement.

The transportation unit price of various types of products was determined through open tender to be conducted by the relevant subsidiaries of the Company through Haihui Company and may further negotiate on an arm’s length basis regarding the proposed transportation unit price.

VII. REPORT OF THE DIRECTORS

The amount (tax inclusive) of the relevant transactions under the Supply Chain Logistic Transportation Service Agreement for the year ended 31 December 2025 was RMB24.644 million.

Connected relationship with the Company

Haihui Company was held as to approximately 75.6% by Anhui Conch Cement Company Limited (安徽海螺水泥股份有限公司) (“**Conch Cement**”). Conch Cement was held as to approximately 36.4% by Conch Holdings, which is the holding company of Conch Tech Innovation, a substantial Shareholder of the Company. Therefore, Haihui Company is considered as a connected person of the Group under Chapter 14A of the Listing Rules. The transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

5. Export Sales and Services Framework Agreement

Principal terms

On 22 November 2024, we entered into a framework agreement for the export of products (the “**Export Sales and Services Framework Agreement**”) with Anhui Technology Import & Export Company Limited* (安徽省技術進出口股份有限公司) (“**Anhui Tech Import & Export**”) and its subsidiaries, pursuant to which Anhui Tech Import & Export and its subsidiaries provide export services for our products, which covers mainly export agency services, custom filing and clearance, settlement services and arrangements for transportation services for the export of our products, if so required. The annual cap for the transactions under the “Export Sales and Services Framework Agreement” shall be RMB52.80 million.

The services provided by Anhui Tech Import & Export include (i) the resales of products to our end customers, and (ii) export services. For the resale of our products, the settlement sum to be paid by Anhui Tech Import & Export for the resale will be determined based on arm’s length negotiation between the Group and Anhui Tech Import & Export, taking into account of the sales contract sum for the products to be exported, our pricing policies, the fair market price and the unit price of similar products being sold to other import and export providers under comparable conditions. For the export services, the service fee for providing export services for our products will be determined on arm’s length basis with reference to prevailing market rates available to independent third parties under comparable conditions, as well as the pricing and terms between the Group and the independent third parties for similar services.

The Export Sales and Services Framework Agreement has a term commencing from 22 November 2024 and up to 31 December 2025. The Group will enter into individual sub-contracts with Anhui Tech Import & Export setting out specific terms and conditions based on the principles provided in the Export Sales and Services Framework Agreement.

The amount (tax inclusive) of the relevant transactions under the Export Sales and Services Framework Agreement for the year ended 31 December 2025 was RMB52.531 million.

Connected relationship with the Company

Anhui Tech Import & Export was held as to approximately 47.9% by Anhui International Trade Group (Holding) Co., Ltd.* (安徽國貿集團控股有限公司) in which Conch Holdings held approximately 55%. Conch Holdings is our substantial shareholder and hence Anhui Tech Import & Export is considered as a connected person of the Group under Chapter 14A of the Listing Rules. The transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

VII. REPORT OF THE DIRECTORS

Implications under the Listing Rules

As all applicable percentage ratios under the Listing Rules (other than the profits ratio) in respect of the annual caps in relation to the Xintongling Concrete Admixtures Framework Agreement, Supply Chain Logistic Transportation Service Agreement and Export Sales and Services Framework Agreement are expected to be less than 5%, the transactions contemplated under these agreements are subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

6. Conch Cement Cement Admixtures Supply Agreement and Conch Cement Sales of Concrete Admixtures Framework Agreement

(i) Conch Cement Cement Admixtures Supply Agreement

Principal terms

On 23 December 2024, we entered into an agreement on purchase of cement admixtures (grinding aids) (the **"Conch Cement Cement Admixtures Supply Agreement"**) with Conch Cement, pursuant to which the Group will provide cement grinding aid (type 1) and cement grinding aid (type 2) to Conch Cement and its subsidiaries (**"Conch Cement Group"**). The Conch Cement Cement Admixtures Supply Agreement has a term commencing from 1 January 2025 and up to 31 December 2025. The sales of the products will be based on the purchase order(s) placed by Conch Cement and its subsidiaries setting out specific terms and arrangements regarding the procurement of products. The annual cap for the transactions under the "Conch Cement Cement Admixtures Supply Agreement" shall be RMB720 million.

The unit prices of the cement admixture products under the Conch Cement Cement Admixtures Supply Agreement were determined based on the results of the tender and on arm's length basis.

The amount (tax inclusive) of the relevant transactions under the Conch Cement Cement Admixtures Supply Agreement for the year ended 31 December 2025 was RMB650 million.

(ii) Conch Cement Sales of Concrete Admixtures Framework Agreement

Principal terms

On 23 December 2024, we entered into a framework agreement on purchase of concrete and other admixture products (the **"Conch Cement Sales of Concrete Admixtures Framework Agreement"**) with Conch Cement, pursuant to which the Group will provide concrete and other specific admixtures to Conch Cement Group. The Conch Cement Sales of Concrete Admixtures Framework Agreement has a term commencing from 1 January 2025 and up to 31 December 2025. The Group will enter into individual sub-contracts with Conch Cement setting out specific terms and conditions based on the principles provided in Conch Cement Sales of Concrete Admixtures Framework Agreement. The annual cap for the transactions under the "Conch Cement Sales of Concrete Admixtures Framework Agreement" shall be RMB60 million.

The unit price of the concrete and other admixture products will be determined by the transaction methods, including open tender, invitation tender or request for quote and negotiation. Before entering into any transactions in relation to Conch Cement Sales of Concrete Admixtures Framework Agreement, we will take into account our pricing policies, make reference to the pricing and terms between the Group and the independent third parties for similar products, and conduct research on the prevailing market conditions and practices.

The amount (tax inclusive) of the relevant transactions under the Conch Cement Sales of Concrete Admixtures Framework Agreement for the year ended 31 December 2025 was RMB59.098 million.

VII. REPORT OF THE DIRECTORS

Connected relationship with the Company

Conch Cement was held as to approximately 36.4% by Conch Holdings, which is the holding company of Conch Tech Innovation, our substantial Shareholder. Therefore, Conch Cement is considered as a connected person of the Group under Chapter 14A of the Listing Rules. The transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Implications under the Listing Rules

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Conch Cement Cement Admixtures Supply Agreement and the Conch Cement Sales of Concrete Admixtures Framework Agreement shall be aggregated as if they were one transaction, since they were entered into within a 12-month period with the same party of similar nature. The aggregate annual cap under the Conch Cement Cement Admixtures Supply Agreement and the Conch Cement Sales of Concrete Admixtures Framework Agreement is RMB780 million. As at least one of the applicable percentage ratios (other than the profits ratio) in respect of the aggregate annual caps in relation to the Conch Cement Cement Admixtures Supply Agreement and Conch Cement Sales of Concrete Admixtures Framework Agreement is expected to be more than 5%, the transactions contemplated under the aforesaid two agreements are subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Waivers

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to us under Rule 14A.105 of the Listing Rules from compliance with the announcement requirements in respect of the above non-exempt continuing connected transactions.

Save as disclosed in this report, for the period from the Listing Date and up to the end of the Reporting Period, the Company had no other connected transactions or continuing connected transactions which were required to be disclosed pursuant to the provisions of Chapter 14A of the Listing Rules relating to the disclosure of connected transactions and continuing connected transactions.

From the Listing Date and up to the end of the Reporting Period, the above continuing connected transactions were conducted in accordance with the pricing policies and terms of the relevant framework agreements as disclosed above.

Confirmation by independent non-executive Directors and Auditor on connected transactions

During the Reporting Period, the Group's connected transactions had been entered into in the ordinary and usual course of business of the Group, and were entered into on normal commercial terms or better and on an arm's length basis. Such transactions were conducted in accordance with relevant agreements, and the terms thereof are fair and reasonable to the Group and in the interests of the shareholders of the Company as a whole, and did not exceed the caps (if any) disclosed in the previous announcements. All the continuing connected transactions as stated above were reviewed and confirmed by the independent non-executive Directors.

VII. REPORT OF THE DIRECTORS

In respect of the continuing connected transactions disclosed (the “**Transactions**”), pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged its independent external auditor, KPMG, to perform the engagement in accordance with the Hong Kong Standard on Assurance Engagement No. 3000 (Revised) “Assurance Engagement Other than the Review or Reviews of Historical Financial Information” and with reference to the Practice Note No. 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants, that was, to perform the assurance engagement regarding the Transactions of the Group for the year ended 31 December 2025 and KPMG has issued a letter to the Board (who has confirmed the receipt of the letter), stating that: nothing has come to their attention that causes them to believe that the Transactions (1) have not been approved by the Board; (2) were not conducted, in all material aspects, in accordance with the pricing policies of the Group if the Transactions involve the provision of goods or services by the Group; (3) were not conducted, in all material aspects, in accordance with the relevant agreement governing the Transactions; and (4) have exceeded the caps.

(XXXIV) SHARE SCHEME

The Group did not adopt any share scheme under Chapter 17 of the Listing Rules.

(XXXV) EQUITY-LINKED AGREEMENT

To the best knowledge of the Directors, there was no equity-linked agreement entered into by the Company or any of its subsidiaries during the Reporting Period or subsisting at the end of the Reporting Period.

(XXXVI) TAX RELIEF AND EXEMPTION

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

(XXXVII) AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2025 have been audited by KPMG. KPMG has been appointed as the Group’s auditor since the Listing Date. There has been no change in auditor since the Listing Date and up to the date of this report.

(XXXVIII) ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

During the Reporting Period, none of the Company or any of its subsidiaries or holding companies was a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of Shares in or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 had or exercised any right to subscribe for the Shares or debentures of the Company or any other body corporate.

VII. REPORT OF THE DIRECTORS

(XXXIX) MAJOR RISKS AND UNCERTAINTIES

The following list is a summary of certain major risks and uncertainties facing the Group, some of which are beyond the control of the Group:

1. General economic conditions of China: The Group's products are mainly used in the building materials industry in China. During the record period, we mainly sold products to customers in China, most of whom were cement and concrete manufacturers. Therefore, the economic trend in China has a significant impact on various aspects of our operations, including but not limited to demand for our products, prices and supply of raw materials, as well as selling, distribution and administrative expenses. In addition, changes in national or local policies in the building materials industry and the cement and concrete industry may affect the level of activity in these industries. Therefore, macroeconomic trends and policies in China may affect our procurement, production, sales and other parts of our business, resulting in fluctuations in our operating results.
2. Industry risk: During the record period, the industry development was strongly dependent on the real estate and engineering construction industry, and its adverse development trend may reduce the demand for the Group's main products, which may have an impact on our operating results; at the same time, changes in the implementation of carbon emission policies and environmental protection regulations for production and operation in the industry may affect the production, results and financial performance of the Group.
3. Business risks: During the record period, the Group had extensive business contacts with Conch Cement Group, and changes in its own performance and adjustments in procurement behavior would have a greater impact on the Group's operating results; meanwhile, business expansion faced various challenges in revenue growth, gross profit margin maintenance, acquisition and integration and capital acquisition, and there were uncertainties in overseas expansion, and changes in the process would affect the Group's development. In addition, the Group's high proportion of raw material costs, stability of suppliers, fluctuations in raw material prices and supply disruptions might lead to increases in procurement costs and disruption of production plans, affecting the Company's business and financial position.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

(XL) DONATION

During the Reporting Period, the Group did not make any charitable or any other kind of donations.

(XLI) PERMITTED INDEMNITY PROVISIONS

During the Reporting Period, the Company has maintained liability insurance for the Directors and senior management of the Company to provide them with appropriate coverage against any potential legal liabilities to third parties that may arise from corporate activities.

(XLII) EVENTS AFTER THE REPORTING PERIOD

There were no significant events of the Group requiring disclosure which would materially affect the Group's operating and financial performance subsequent to the Reporting Period and up to the date of this report.

VII. REPORT OF THE DIRECTORS

(XLIII) MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the revenue generated from the Group's five largest customers accounted for approximately 37.79% (2024: 42.2%) of the Group's total revenue, while the revenue generated from the largest customer accounted for approximately 27.26% (2024: 30.1%) of the Group's total revenue during the Reporting Period.

During the Reporting Period, the purchases made to our five largest suppliers accounted for approximately 74.0% (2024: 66.1%) of the Group's total purchases costs, while the purchases made to the largest supplier accounted for approximately 48.2% (2024: 44.8%) of the Group's purchases costs during the Reporting Period.

During the Reporting Period, none of the Directors or any of their close associates, or any Shareholders (who, or which, to the best knowledge of the Directors, own more than 5% of the issued Shares (excluding treasury shares) of the Company) had any interests in the Group's five largest customers or suppliers.

(XLIV) STATUS OF THE RECTIFICATION RELATING TO THE NON-COMPLIANCE ISSUES

Regarding the non-compliance issue concerning the failure to complete fire safety acceptance and filing for the production lines of Guigang Conch Taini New Material Technology Co., Ltd. Guizhou Branch (貴港海螺台泥新材料科技有限公司貴州分公司) and Qinghai Conch Jinyuan New Material Technology Co., Ltd. (青海海螺金圓新材料科技有限公司), as reported in the prior period. As of the date of this report, Guigang Conch Taini New Material Technology Co., Ltd. Guizhou Branch has obtained the construction land planning permit and the construction project planning permit, as well as the construction drawing review certificate. It has urged Xingyuan Company (興園公司) to prepare a special report and is pursuing the fire safety acceptance and filing procedures for the relevant plant through a "case-by-case" approach. Qinghai Conch Jinyuan New Material Technology Co., Ltd. has obtained the Fire Prevention Facility Design Filing Certificate (《消防設施設計備案》) and is actively communicating with the local competent authorities to complete the relevant procedures for fire safety acceptance and filing.

(XLV) EMPLOYEE AND REMUNERATION POLICY

As at the end of the Reporting Period, the Group had 908 employees (as at 31 December 2024: 876 employees). The remuneration of employees is based on qualifications, experience, work performance and market conditions. As required by the PRC regulations on social insurance, the Group participated in the social insurance schemes managed by local government authorities which include pension insurance, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance.

(XLVI) RETIREMENT AND EMPLOYEE BENEFIT PLAN

Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees. The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

Details of the retirement benefit scheme are set out in note 6 to the consolidated financial statements.

VII. REPORT OF THE DIRECTORS

(XLVII) SIGNIFICANT CONTRACTS WITH CONTROLLING SHAREHOLDERS

During the Reporting Period, neither the Company nor any of its subsidiaries entered into any significant contracts with the controlling Shareholders or any of its subsidiaries, nor were there any significant contracts related to services provided by the controlling Shareholders or any of its subsidiaries to the Company or any of its subsidiaries.

By order of the Board

Ding Feng

Chairman of the Board and Non-executive Director

31 March 2026

VIII. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

(I) DIRECTORS

1. Executive Directors

Mr. Chen Feng (陳烽), aged 58, is currently an executive Director, the chief executive officer and general manager of the Company, and a member of the Nomination Committee. He has served as a Director of the Company since July 2022, and was re-designated as an executive Director on 15 November 2023, served as a member of the Remuneration Committee during the period from 9 January 2025 to 30 July 2025. He is primarily responsible for overseeing the daily operations and management of the Group. Mr. Chen has over 39 years of experience in the cement and admixtures industries, and has held various production, management, and operational positions in several subsidiaries of Conch Cement. Mr. Chen has served as the party committee secretary of the Company since July 2024. Mr. Chen also holds directorships in a number of subsidiaries of the Group. Mr. Chen graduated from the Chinese People's Liberation Army Nanjing Army Command College (中國人民解放軍南京陸軍指揮學院) (currently known as the Chinese People's Liberation Army Command College (中國人民解放軍陸軍指揮學院)) where he majored in economic management in June 2013 and graduated from Nanjing Polytechnic Institute (南京科技職業學院) where he majored in applied chemical engineering technology in July 2023. Mr. Chen also obtained the qualification of Senior Chemical Process Engineer (化工工藝高級工程師) from the Linyi Municipal Human Resources and Social Security Bureau in December 2024.

Mr. Bai Lin (柏林), aged 45, is currently an executive Director and vice general manager of the Company. He was appointed as a Director on 1 July 2022, and was re-designated as an executive Director on 15 November 2023. He is primarily responsible for the material supply management of the Group. Mr. Bai has over 22 years of experience in the field of financial management in the cement and admixtures industries and has held various finance-related positions at Conch Cement and its subsidiaries. Mr. Bai has also served as a director of Kunming Conch New Material Technology Co., Ltd. (昆明海螺新材料科技有限公司) since September 2020. Mr. Bai graduated from Anhui University (安徽大學) where he majored in economics in December 2005, and obtained a Master's degree in business administration from Asia Metropolitan University in December 2022. Mr. Bai also received the professional qualification certificate for Intermediate Certified Safety Engineer in Chemical Safety (中級註冊安全工程師(化工安全)) on 7 January 2025, approved and issued by the Ministry of Human Resources and Social Security and the Ministry of Emergency Management of the PRC.

2. Non-executive Directors

Mr. Ding Feng (丁鋒), aged 53, is currently a non-executive Director, the chairman of the Board of the Company and the chairman of the Nomination Committee. He was appointed as the chairman of the Board and a Director since the Company's incorporation in May 2018, and was re-designated as a non-executive Director on 15 November 2023. He is primarily responsible for the overall strategic planning and development of the Group. Mr. Ding has over 31 years of experience in the cement and admixtures industries. Mr. Ding has been serving as a member of the Party committee, chief economist, deputy chief accountant, and deputy general manager of Anhui Conch Holdings Company Limited (安徽海螺集團有限責任公司) since June 2017, where he is primarily responsible for assisting the general manager in overseeing the capital operations, investment and financing development, and foreign economic and trade activities of Anhui Conch Holdings Company Limited, with a focus on financial accounting, budgetary assessment and management. Since October 2017, Mr. Ding has been serving as a director of Anhui Conch Technology Innovation Material Co., Ltd. (安徽海螺科創材料有限責任公司), primarily responsible for the work of the Party committee and board of directors of Anhui Conch Technology Innovation Material Co., Ltd. Mr. Ding graduated from Qufu Normal University (曲阜師範大學) in July 2000. Mr. Ding also obtained an Intermediate Level Accounting Qualification Certificate jointly issued by the Ministry of Finance of the PRC (中華人民共和國財政部) and the Ministry of Personnel of the PRC (中華人民共和國人事部) in May 2000.

VIII. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Feng Fangbo (馮方波), aged 51, is currently a non-executive Director and vice chairman of the Board of the Company. He was appointed as a non-executive Director and vice chairman of the Board in May 2018, and was re-designated as a non-executive Director on 15 November 2023. He is primarily responsible for providing strategic advice to the business and operations of the Group. Mr. Feng has over 22 years of experience in enterprise management of admixtures industries, and held senior management positions at companies such as Hubei Tongling Technology Group Co., Ltd. (湖北統領科技集團有限公司). Mr. Feng has been serving as the chairman of the board of Xintongling Building Material Group Co., Ltd. (鑫統領建材集團有限公司) since March 2008, and also the chairman of the board of Meishan Huantian Shangtong Co., Ltd. (眉山環天商砼有限責任公司) since March 2020, and the chairman of the board of Hubei Xintongling Culture Tourism Development Co., Ltd. (湖北鑫統領文化旅遊開發有限公司) since June 2020, where he is primarily responsible for the general corporate management.

Mr. Zhao Hongyi (趙洪義), aged 62, is currently a non-executive Director and vice chairman of the Board of the Company. He was appointed as a non-executive Director and vice chairman of the Board in May 2018, and was re-designated as a non-executive Director on 15 November 2023. He is primarily responsible for providing strategic advice to the business and operations of the Group. Mr. Zhao has over 36 years of experience in the cement admixture industry, and held management and technology R&D positions at companies such as Linyi Region Cement Plant (臨沂地區水泥廠) and Linyi Conch New Material Technology Co., Ltd. (臨沂海螺新材料科技有限公司). Mr. Zhao graduated from Luoyang Construction Materials Industrial Vocational College (洛陽建築材料工業專科學校) (currently known as Luoyang Institute of Science and Technology (洛陽理工學院)) where he majored in cement technology in December 1983, and obtained a master's degree in business administration from the Hawaii American University in March 2002. Mr. Zhao also obtained a certificate of engineering technology applied researcher (工程技術應用研究員) issued by Shandong Province Engineering Technology Senior Appraisal Committee (山東省工程技術職務高級評審委員會) in February 2006.

Mr. Jin Feng (金峰), aged 52, is currently a non-executive Director of the Company. He was appointed as a non-executive Director on 15 November 2023. He is primarily responsible for providing strategic advice to the business and operations of the Group. Mr. Jin has over 32 years of experience in the cement and admixtures industries, and held various management positions at companies such as Anhui Tongling Conch Cement Co., Ltd., Jiangxi Lushan Conch Cement Co., Ltd. (江西廬山海螺水泥有限公司) and Guizhou Liukuang Ruian Cement Co., Ltd. (貴州六礦瑞安水泥有限公司). Since December 2022, Mr. Jin has been serving as a deputy general manager and party committee member of Anhui Conch Technology Innovation Material Co., Ltd. (安徽海螺科創材料有限責任公司), a deputy party committee secretary since March 2024, the chief compliance officer and general counsel of Anhui Conch Technology Innovation Material Co., Ltd. (安徽海螺科創材料有限責任公司) since March 2025 and a director of Anhui Conch Technology Innovation Material Co., Ltd. (安徽海螺科創材料有限責任公司) since February 2024, where he is responsible for assisting in managing corporate operations and overseeing personnel administration and safety operations management, etc. Since January 2023, Mr. Jin has been serving as an executive director of Anhui Conch Clean Energy Technology Co., Ltd. (安徽海螺潔能科技有限公司), where he is responsible for organising the corporate operations, development and management, and coordinating daily production and operations. Mr. Jin graduated from Anhui Institute of Finance and Trade (安徽財貿學院) (currently known as Anhui University of Finance and Economics (安徽財經大學)) where he majored in industrial and commercial enterprise management in June 2001, and obtained a qualification in inorganic non-metallic materials engineering from Wuhan University of Technology (武漢理工大學) in January 2024. Mr. Jin also obtained the qualification of senior engineer in building materials (建築材料高級工程師) from Anhui Provincial Department of Human Resources and Social Security (安徽省人力資源和社會保障廳) in December 2022.

VIII. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Fan Haibin (范海濱), aged 51, is currently a non-executive Director of the Company. He was appointed as a non-executive Director on 15 November 2023. He is primarily responsible for providing strategic advice to the business and operations of the Group. From January 2007 to January 2017, Mr. Fan served at China Construction Bank Corporation (中國建設銀行股份有限公司). Since January 2019, Mr. Fan has been working at Jianxin Finance Asset Investment Co., Ltd. (建信金融資產投資有限公司). Mr. Fan graduated from Sichuan Union University (四川聯合大學) (currently known as Sichuan University (四川大學)) where he majored in fine chemical engineering in July 1997.

3. Independent Non-executive Directors

Mr. Li Jiang (李江), aged 67, is currently an independent non-executive Director of the Company, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. He was appointed as an independent Director on 12 January 2023, and was re-designated as an independent non-executive Director on 15 November 2023. He is primarily responsible for supervising and providing independent advice to the Board. Mr. Li is a professor-level senior engineer with over 30 years of experience in the field of building materials, including 19 years of experience in materials research and development at China Academy of Building Materials Science. Mr. Li has been serving as a chief expert of the Institute of Technical Intelligence for the Building Materials Industry (建築材料工業技術情報研究所) in January 2021, where he is primarily responsible for overseeing the technical dissemination and promotion of building materials. Mr. Li obtained a bachelor's degree in mathematics from Beijing Normal University (北京師範大學) in January 1983. Mr. Li was awarded the title of Senior Engineer with professor-level benefits (享受教授級待遇的高級工程師) by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) in October 2009.

Mr. Chen Jiemiao (陳結淼), aged 60, is currently an independent non-executive Director of the Company, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. He was appointed as an independent Director on 12 January 2023, and was re-designated as an independent non-executive Director on 15 November 2023. He is primarily responsible for supervising and providing independent advice to the Board. Mr. Chen has been working at Anhui University (安徽大學) since July 1993, and his current position is a professor at the School of Law. Furthermore, Mr. Chen has been an independent director of Sinomag Technology Co., Ltd. (安徽龍磁科技股份有限公司, a company listed on the Shenzhen Stock Exchange (stock code: 300835)) since July 2020. Mr. Chen obtained a bachelor's degree in optical instruments from Shanghai Institute of Mechanical Technology (上海機械學院) (currently known as the University of Shanghai for Science and Technology (上海理工大學)) in July 1988, and obtained a master's degree in law from Sichuan University (四川大學) in June 1993. Mr. Chen obtained his part-time lawyer licence issued by the Justice Department of Anhui Province (安徽省司法廳) in May 1994. Mr. Chen also received the qualification as an independent director for listed companies issued by the Shanghai Stock Exchange in November 2010.

VIII. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Xu Xu (許煦), aged 40, is currently an independent non-executive Director of the Company, the chairlady of the Audit Committee. She was appointed as an independent non-executive Director on 15 November 2023. She is primarily responsible for supervising and providing independent advice to the Board, particularly with regard to the financial aspects of the Group. Ms. Xu has over 16 years of experience in the fields of investment banking, asset management and corporate management. Since August 2022, Ms. Xu has been serving as a vice president and chief financial officer of Shenzhen Lacesar Pizza Catering Management Co., Ltd. (深圳市樂凱撒比薩餐飲管理有限公司). Ms. Xu has served as an independent director of Fujian Acetron New Materials Co., Ltd. (福建阿石創新材料股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300706)) since May 2024, and as an independent director of RIGOL Technologies, Co. Ltd. (普源精電科技股份有限公司) (a company listed on the Shanghai Stock Exchange (stock: 688337)) since December 2025. Ms. Xu obtained double bachelor's degrees in public finance and law from Wuhan University (武漢大學) in June 2007, and a master's degree in public finance from the Renmin University of China (中國人民大學) in June 2010. Ms. Xu has been a member of the Chartered Financial Analyst Institute since August 2017.

Ms. Zeng Xiangfei (曾祥飛), aged 46, is currently an independent non-executive Director of the Company, a member of the Audit Committee and the Nomination Committee, and the chairlady of the Remuneration Committee. She was appointed as an independent non-executive Director on 15 November 2023. She is primarily responsible for supervising and providing independent advice to the Board, also particularly with regard to the financial aspects of the Group. Ms. Zeng has extensive research experience in the field of management accounting theory and is currently the head of the accounting department and an associate professor at Anhui University of Technology. Ms. Zeng graduated from Anhui University of Technology with a bachelor's degree in accounting (financial management) in July 2003 and a master's degree in accounting in June 2009. She also obtained a doctorate degree in management science and engineering from Southeast University (東南大學) in June 2019. (In management accounting).

(II) SENIOR MANAGEMENT

Mr. Guo Junling (郭俊嶺), aged 47, is currently a deputy general manager of the Company. He was appointed as a deputy general manager of the Company on 26 December 2022. He is primarily responsible for the Group's sales management, including sales channel development and strategy formulation, sales team building and training, business model management and innovation, sales policy and process establishment and enhancement, corporate compliance and internal control risk management, as well as the product market development, channel expansion and management. Mr. Guo has over 23 years of experience in the field of sales management for cement and admixtures enterprises. Prior to joining the Group, Mr. Guo held various sales positions, assistant to the general manager and deputy general manager positions in Anhui Conch Cement Company Limited (安徽海螺水泥股份有限公司) and its subsidiaries. Mr. Guo graduated with a degree in marketing from Zhengzhou University of Aeronautics (鄭州航空工業管理學院) in May 2002.

VIII. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhou Yanchang (周焱昌), aged 51, is currently a deputy general manager of the Company. He was appointed as a deputy general manager of the Company on 8 October 2021. He participates in the Company's sales management and is primarily responsible for the day-to-day operations and management of the Ningbo company, with a focus on its sales market development and the sales system establishment, market expansion, bidding activities, market development for new products, sales model formulation and sales team building of the Ningbo company. Prior to joining the Group and from August 2003 to April 2010, Mr. Zhou worked at Sobute New Materials Co., Ltd (江蘇博特新材料有限公司). From June 2010 to September 2021, Mr. Zhou worked at Sika (China) Ltd. (西卡(中國)有限公司) with his last position as a national sales director. Mr. Zhou obtained a bachelor's degree in materials science and engineering (construction material) in June 1997 and a master's degree in material science from Southeast University (東南大學) in April 2000. Mr. Zhou also obtained a certificate of senior engineer (construction engineering design) issued by Jiangsu Provincial Department of Human Resources (江蘇省人事廳) in August 2007.

Mr. Liu Kelin (劉克林), aged 43, was appointed as an assistant to the general manager of the Company on 4 March 2025. He is primarily responsible for the construction of the Company's production organization system, work related to safety, environmental protection and engineering management, mainly focus on optimizing production organization operations, equipment management, safety and environmental protection, engineering construction, and building a professional production talent team. Prior to joining the Group, Mr. Liu served as assistant to the director of the safety operations department of Conch Tech Innovation from June 2023 to March 2025. Mr. Liu graduated from Wuhan University of Technology (武漢理工大學) with a major in inorganic non-metallic materials engineering in July 2023.

Mr. Sun Huadong (孫華東), aged 39, is currently the secretary to the Board and a joint company secretary of the Company. He was appointed as the secretary to the Board and a joint company secretary on 2 July 2025. He is primarily responsible for managing corporate information disclosure, facilitating company-investor relations, and coordinating the coordination of board meetings, shareholders' meetings. He joined Anhui Conch Holdings Company Limited (安徽海螺集團有限責任公司) in March 2009 and joined Anhui Conch New Material Technology Co., Ltd.* (安徽海螺新材料科技有限公司), the predecessor of Conch Material Technology Co., Ltd. (海螺材料科技股份有限公司), in June 2018. Mr. Sun graduated from the Party School of Liaoning provincial Party Committee with a major in Public Administration in December 2025.

VIII. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Qian Shanshan (錢珊珊), aged 39, is currently the deputy chief engineer of the Company. He is responsible for the product quality and R&D management of the Company, mainly focus on training and developing technical and technical service personnel, university-enterprise collaborations, establishing R&D systems, operation of the technical management committee system, developing new products, optimization, and promoting the application of achievements. Prior to joining the Company, Mr. Qian successively held positions including R&D engineer, R&D manager, and R&D director at Jiangsu Arit New Materials Co., Ltd. (江蘇奧萊特新材料股份有限公司). Mr. Qian obtained Ph.D. in materials science and engineering from Beijing University of Technology (北京工業大學) in July 2021 and received the qualification of Senior Engineer (Chemical Process) in October 2021. Mr. Qian also concurrently serves as an expert in the Anhui New Materials Industry Association's expert database, an external advisor to Master 's degree students at Southeast University, Beijing University of Technology, Nanjing Tech University, and Hubei University, and Vice President of the Macheng Institute of Industrial Technology at Hubei University. His primary research focuses on the development and application in the fields such as cement and concrete admixtures and epoxy derivatives. He has received 5 Second Prizes for Scientific and Technological Progress in the industry, published over 30 papers in domestic and international journals including CBM, RSC Adv, Analyst, MCP, and ACI SP, and holds over 40 patents in China and 8 patents in the United States as the primary inventor. He has led the development of one industry standard and participated in the revision of eight national and industry standards. He has been honored as a Nanjing Young and Middle-aged Elite Talent (南京市中青年拔尖人才) and awarded the Nanjing May 1st Labor Medal (南京市五一勞動獎章).

(III) JOINT COMPANY SECRETARIES

Mr. Sun Huadong (孫華東). Please refer to the biographies of senior management as set out above.

Mr. Lee Leong Yin (李亮賢), is currently a joint company secretary of the Company. Mr. Lee is a senior manager of the Company Secretarial Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Mr. Lee has over 15 years of experience in the corporate secretarial field. He has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Mr. Lee is a Chartered Secretary, a Chartered Governance Professional and a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

IX. INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the shareholders of Anhui Conch Material Technology Co., Ltd.

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

Opinion

We have audited the consolidated financial statements of Anhui Conch Material Technology Co., Ltd. ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 85 to 158, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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

Basis for opinion

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

IX. INDEPENDENT AUDITOR'S REPORT

Key audit matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

Revenue recognition

Refer to note 4 to the consolidated financial statements and the accounting policies note 2(t).

The Key Audit Matter

How the matter was addressed in our audit

The Group generated total revenue of RMB2,314,260,000 for the year ended 31 December 2025. Among which, revenue from the sales of cement admixture, concrete admixture and the respective in-process intermediaries is RMB2,308,548,000 for the year ended 31 December 2025.

Revenue from sales of cement admixture, concrete admixture and the respective in-process intermediaries is recognised when the control over the underlying products is transferred to customers which is generally at the point of time when the products are delivered to the customers' warehouses or designated places, and the Group obtain the notes of goods transfer in accordance with the terms of the sales contracts.

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

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition;
- Inspecting customer contracts, on a sample basis, to identify terms and conditions relating to the transfer of control over the products sold and assessing the Group's timing of revenue recognition with reference to the requirements of prevailing accounting standards;
- comparing revenue transactions recorded during the current year, on a sample basis, with invoices, sales contracts and goods delivery notes, and notes of goods transfer to assess whether the related revenue was recognised in accordance with the Group's revenue recognition accounting policies;

IX. INDEPENDENT AUDITOR'S REPORT

Key audit matter (Continued)

Revenue recognition

Refer to note 4 to the consolidated financial statements and the accounting policies note 2(t).

The Key Audit Matter

How the matter was addressed in our audit

We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the timing and amount of recognition of revenue by management to meet specific targets or expectations.

- obtaining confirmations, on a sample basis, from customers of the Group to confirm the sales transactions during the year, for unreturned confirmations, performing alternative procedures by comparing details of the transactions with relevant underlying documentation;
- comparing, select samples of revenue transactions recorded before and after the financial year end date with goods delivery notes, notes of goods transfer or any other relevant documentation to assess whether the revenue had been recognised in the appropriate financial period; and
- inspecting underlying documentation for manual journal entries relating to revenue recognised during the year which were considered to meet specific risk-based criteria.

IX. INDEPENDENT AUDITOR'S REPORT

Information other than the consolidated financial statements and auditor's report thereon

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements in accordance with IFRSs issued by IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

IX. INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

IX. INDEPENDENT AUDITOR'S REPORT

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

(Continued)

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Au Yat Fo (practising certificate number: P04854).

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

31 March 2026

X. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2025
(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Revenue	4	2,314,260	2,384,149
Cost of sales		(1,894,088)	(1,924,469)
Gross profit		420,172	459,680
Other net income	5	28,162	22,919
Distribution costs		(62,043)	(56,925)
Administrative expenses		(174,197)	(157,064)
Research and development costs		(43,083)	(55,005)
Reversal of impairment loss/(impairment loss) of trade receivables		9,660	(6,943)
Profit from operations		178,671	206,662
Finance costs	6(a)	(23,536)	(26,484)
Profit before taxation	6	155,135	180,178
Income tax	7(a)	(24,058)	(32,294)
Profit for the year		131,077	147,884
Attributable to:			
Equity shareholders of the Company		109,371	125,637
Non-controlling interests		21,706	22,247
Profit for the year		131,077	147,884
Earnings per share			
Basic and diluted (RMB)	10	0.19	0.29

The notes on pages 92 to 158 form part of these financial statements.

XI. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2025
(Expressed in Renminbi)

	2025 RMB'000	2024 RMB'000
Profit for the year	131,077	147,884
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(112)	36
Total comprehensive income for the year	130,965	147,920
Attributable to:		
Equity shareholders of the Company	109,259	125,673
Non-controlling interests	21,706	22,247
Total comprehensive income for the year	130,965	147,920

The notes on pages 92 to 158 form part of these financial statements.

XII. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*as at 31 December 2025
(Expressed in Renminbi)*

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment	11	1,105,574	1,010,046
Right-of-use assets	12	177,264	185,798
Intangible assets	13	8,850	11,322
Goodwill	14	28,691	28,691
Deferred tax assets	23(b)	27,265	28,069
Non-current portion of trade and other receivables	17	10,362	8,534
		1,358,006	1,272,460
Current assets			
Inventories	16	143,676	101,519
Trade and other receivables	17	886,255	913,893
Financial assets measured at fair value through profit or loss	18	100,195	40,000
Cash and cash equivalents	19	426,560	131,387
		1,556,686	1,186,799
Current liabilities			
Loans and borrowings	20	711,260	720,212
Trade and other payables	21	337,303	344,280
Contract liabilities	22	21,791	12,481
Lease liabilities	24	1,988	4,357
Income tax payables	23(a)	10,049	22,606
		1,082,391	1,103,936
Net current assets		474,295	82,863
Total assets less current liabilities		1,832,301	1,355,323

The notes on pages 92 to 158 form part of these financial statements.

XII. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2025
(Expressed in Renminbi)

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current liabilities			
Loans and borrowings	20	292,425	198,491
Lease liabilities	24	8,467	9,612
Deferred income	25	36,766	39,549
Deferred tax liabilities	23(b)	9,668	11,283
		347,326	258,935
Net assets			
		1,484,975	1,096,388
Capital and reserves			
	26		
Share capital		579,894	434,920
Reserves		795,191	555,710
Equity attributable to equity shareholders of the Company		1,375,085	990,630
Non-controlling interests		109,890	105,758
Total equity		1,484,975	1,096,388

Approved and authorised for issue by the Board of Directors on 31 March 2026.

Chen Feng
Director

Bai Lin
Director

The notes on pages 92 to 158 form part of these financial statements.

XIII. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025
(Expressed in Renminbi)

Note	Attributable to equity shareholders of the Company								Non-controlling interests RMB'000	Total equity RMB'000
	Share capital	Share premium	Exchange reserve	PRC statutory reserves	Other reserve	Retained earnings	Sub-total			
	RMB'000 (Note 26(c))	RMB'000 (Note 26(c))	RMB'000 (Note 26(d)(iv))	RMB'000 (Note 26(d)(ii))	RMB'000 (Note 26(d)(iii))	RMB'000	RMB'000	RMB'000		
Balance at 1 January 2024	434,920	187,309	—	7,120	33,037	202,571	864,957	83,511	948,468	
Profit for the year	—	—	—	—	—	125,637	125,637	22,247	147,884	
Other comprehensive income	—	—	36	—	—	—	36	—	36	
Total comprehensive income	—	—	36	—	—	125,637	125,673	22,247	147,920	
Appropriation to statutory reserves	—	—	—	7,106	—	(7,106)	—	—	—	
Safety production fund 26(d)(iii)	—	—	—	—	4,888	(4,888)	—	—	—	
Balance at 31 December 2024	434,920	187,309	36	14,226	37,925	316,214	990,630	105,758	1,096,388	

The notes on pages 92 to 158 form part of these financial statements.

XIII. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025
(Expressed in Renminbi)

Note	Attributable to equity shareholders of the Company							Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (Note 26(c))	Share premium RMB'000 (Note 26(c))	Exchange reserve RMB'000 (Note 26(d)(iv))	PRC statutory reserves RMB'000 (Note 26(d)(ii))	Other reserve RMB'000 (Note 26(d)(iii))	Retained earnings RMB'000	Sub-total RMB'000		
Balance at 1 January 2025	434,920	187,309	36	14,226	37,925	316,214	990,630	105,758	1,096,388
Profit for the year	-	-	-	-	-	109,371	109,371	21,706	131,077
Other comprehensive income	-	-	(112)	-	-	-	(112)	-	(112)
Total comprehensive income	-	-	(112)	-	-	109,371	109,259	21,706	130,965
Issue of ordinary shares by initial public offering, net of issuance costs	144,974	228,804	-	-	-	-	373,778	-	373,778
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	11,000	11,000
Dividends approved in respect of the previous year	-	-	-	-	-	(98,582)	(98,582)	-	(98,582)
Profit distribution to non-controlling interests	-	-	-	-	-	-	-	(28,574)	(28,574)
Appropriation to statutory reserves	26(d)(ii)	-	-	7,584	-	(7,584)	-	-	-
Safety production fund	26(d)(iii)	-	-	-	(5,544)	5,544	-	-	-
Balance at 31 December 2025	579,894	416,113	(76)	21,810	32,381	324,963	1,375,085	109,890	1,484,975

The notes on pages 92 to 158 form part of these financial statements.

XIV. CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2025
(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Operating activities:			
Cash generated from operations	19(b)	240,378	195,435
Income tax paid	23(a)	(38,526)	(28,655)
Net cash generated from operating activities		201,852	166,780
Investing activities:			
Payment for purchase of property, plant and equipment and construction in progress		(166,405)	(96,082)
Payment for purchase of intangible assets		(72)	—
Payment for purchase of right-of-use assets		—	(485)
Payment for purchase of financial assets measured FVPL		(874,661)	(130,000)
Proceeds from disposal of financial assets measured at FVPL		813,569	90,000
Proceeds from disposal of property, plant and equipment		—	126
Interest received		413	110
Net cash used in investing activities		(227,156)	(136,331)
Financing activities:			
Capital element of lease rentals paid	19(c)	(3,514)	(2,972)
Interest element of lease rentals paid	19(c)	(536)	(453)
Proceeds from loans and borrowings	19(c)	783,828	665,213
Repayments of loans and borrowings	19(c)	(704,194)	(693,790)
Interest paid	19(c)	(23,066)	(25,370)
Proceeds from issuance of ordinary shares by initial public offering, net of share issuance costs		399,383	—
Payment of listing expenses		(15,152)	(7,793)
Capital contribution from non-controlling interests		11,000	—
Dividends paid to equity shareholders of the company	26(b)	(98,582)	—
Dividends paid to non-controlling shareholders		(28,574)	—
Net cash generated from/(used in) financing activities		320,593	(65,165)
Net increase/(decrease) in cash and cash equivalents		295,289	(34,716)
Cash and cash equivalents at the beginning of the year	19(a)	131,387	166,103
Effect of foreign exchange rate changes		(116)	—
Cash and cash equivalents at the end of the year	19(a)	426,560	131,387

The notes on pages 92 to 158 form part of these financial statements.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General Information

Anhui Conch Material Technology Co., Ltd. (the “**Company**”) (安徽海螺材料科技股份有限公司) was incorporated in Wuhu, Anhui Province, People’s Republic of China (the “**PRC**”) as a limited liability company on 28 May 2018. In July 2022, the Company was converted from a limited liability company into a joint stock limited liability company. The Company completed an initial public offering of shares and listed the shares on the Main Board of the Stock Exchange of Hong Kong Limited on 9 January 2025.

The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in research and development, production and sales of cement admixture, concrete admixture together with their respective in-process intermediaries.

2 Material accounting policies

(a) Statement of compliance

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

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation and presentation

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value:

- certain financial instruments investments;
- bills receivables measured at fair value through other comprehensive income (“**FVOCI**”).

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

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

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

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material accounting policies (Continued)

(c) Changes in accounting policies

The IASB has issued the following new and amended IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability* (“**2023 amendments**”)

The above developments have had no material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

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

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

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(o) or 2(p) depending on the nature of the liability.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material accounting policies (Continued)

(d) Subsidiaries and non-controlling interests (Continued)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(f)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)(ii)).

(e) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 2(j)(ii)).

(f) Other investments in securities

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

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 27(d). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(t)(ii)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses and interest income (calculated using the effective interest method). When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material accounting policies (Continued)

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(j)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(w)).

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

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

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

	Useful life
Plant and buildings	30 years
Machinery and equipment	5–15 years
Motor vehicles	5–15 years
Office and other equipment	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress represents property, plant and equipment under construction, which is stated at cost less accumulated impairment losses (see note 2(j)(ii)). Capitalisation of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of 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 substantially completed and ready for its intended use.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material accounting policies (Continued)

(h) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(j)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

	Useful life
Pollutant discharge licences	5 years
Patents	10 years

Patents are capitalised on the basis of the cost incurred to acquire and bring to use the specific patent. The patents relate to admixture production technologies developed by the Group. The useful lives of the patents were estimated by the Group based on the respective periods over which economic benefits are expected to be derived from the underlying technologies. The estimation of the useful lives has taken into account the patent protection period, the historical life of similar products, the characteristics of such technologies, their update frequency and market requirement and competition. Based on the different production commencement dates and the expected lifespan of economic benefits of individual technologies, the useful lives of the Group's patents have been assessed to 10 years.

Both the period and method of amortisation are reviewed annually.

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred.

(i) Leased assets

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

(i) As a lessee

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

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily leased apartment for employees. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material accounting policies (Continued)

(i) Leased assets (Continued)

(i) As a lessee (Continued)

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

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset are subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(j)(ii)).

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

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

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

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material accounting policies (Continued)

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (“**ECLs**”) on financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables).

Other financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

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

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

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

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material accounting policies (Continued)

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

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk

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

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

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

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

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

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material accounting policies (Continued)

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

(i) Credit losses from financial instruments (Continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 2(t)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

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

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

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

Write-off policy

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

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

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material accounting policies (Continued)

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

(ii) Impairment of other non-current assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

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

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

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 2(j)(i) and note 2(j)(ii)).

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material accounting policies (Continued)

(k) Inventories

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

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

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

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

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

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

(l) Contract liabilities

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

For a single contract with the customer, either a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(t)(ii)).

(m) Trade and other receivables

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

Except for certain bills receivable measured at FVOCI, receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see note 2(j)(i)).

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material accounting policies (Continued)

(n) Cash and cash equivalents

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

(o) Trade and other payables

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

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 2(w)).

(q) Employee benefits

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

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) 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 recognises restructuring costs involving the payment of termination benefits.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material accounting policies (Continued)

(r) Income tax

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

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

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

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material accounting policies (Continued)

(r) Income tax (Continued)

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

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

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

(s) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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

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

(t) Revenue and other income

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

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

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material accounting policies (Continued)

(t) Revenue and other income (Continued)

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

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

(i) Sales of goods

Revenue is recognised when the customer takes possession of and accepts the products. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers, but the Group generally provides credit terms to customers within 30 days to 120 days upon customer acceptance. The Group take advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

(ii) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipt through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired financial assets, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(j)(i)).

(iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Where the grant relates to an asset, the grant received is credited to a deferred income account and is released to the profit and loss over the expected useful life of the relevant asset by equal annual instalments.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material accounting policies (Continued)

(u) Translation of foreign currencies

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

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

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into United States dollars (“**US\$**”) at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into US\$ at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material accounting policies (Continued)

(v) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

(w) Borrowing costs

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material accounting policies (Continued)

(x) Related parties

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

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

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Material accounting policies (Continued)

(y) Segment reporting

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

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

3 Accounting judgement and estimates

(a) Critical accounting judgements in applying the accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

(i) Determining the lease term

As explained in policy note 2(i), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Accounting judgement and estimates (Continued)

(b) Sources of estimation uncertainty

(i) Expected credit losses for receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. consumer price index) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

(ii) Depreciation and amortisation

As described in note 2(g), property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. As described in note 2(h), intangible assets are amortised on a straight-line basis over the estimated useful lives. Management reviews annually the useful lives of the assets and residual values, if any, in order to determine the amount of depreciation and amortisation expenses to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological and other changes, as well as the environmental goals. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

(iii) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. In addition, these estimates could change significantly as a result of change in customer preference, environmental goals and competitor actions in response to industry cycles. Management measures these estimates at the end of each reporting period to ensure inventory is shown at the lower of cost and net realisable value.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are the research and development, production and sales of cement admixture, concrete admixture together with their respective in-process intermediaries.

(i) Disaggregation of revenue

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

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15 and recognised at a point in time		
— Cement admixture and in-process intermediaries	1,126,887	1,256,135
— Concrete admixture and in-process intermediaries	1,181,661	1,124,194
— Others	5,712	3,820
	2,314,260	2,384,149

The Group's customers base is diversified. There was only one customer of which the revenue from it accounted for 10% or more of the Group's revenue for the year ended 31 December 2025, and the revenue from this customer amounted to approximately RMB630,910,000 (2024: RMB718,736,000).

The Group applies the practical expedient in paragraph 121(a) of IFRS 15 of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of substantially all the contracts of the Group is within one year or less.

(b) Segment reporting

(i) Disaggregation of revenue

Information reported to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance is more focused on the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on admixture product. Resources are allocated based on what is beneficial for the Group in enhancing its admixture product activities as a whole rather than any specific products. Performance assessment is based on the results of the Group as a whole. Therefore, management considers there is only one operating segment under the requirements of IFRS 8, *Operating segments*.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

(ii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets, intangible assets, goodwill, non-current portion of trade and other receivables ("specified non-current assets"). The geographical location of customers is based on the location at which the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of right-of-use assets, property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets, goodwill and non-current portion of trade and other receivables.

Revenue from external customers

	2025 RMB'000	2024 RMB'000
Chinese mainland	2,285,834	2,382,747
Asia (except Chinese mainland)	28,426	1,402
	2,314,260	2,384,149

Specified non-current assets

	2025 RMB'000	2024 RMB'000
Chinese mainland	1,315,979	1,231,330
Asia (except Chinese mainland)	14,762	13,061
	1,330,741	1,244,391

5 Other net income

	2025 RMB'000	2024 RMB'000
Interest income on cash at bank	5,763	1,476
Government grants (i)	21,942	20,631
Net loss on disposal of property, plant and equipment	(172)	(133)
Net realised gain on financial assets measured at FVPL	608	110
Others	21	835
	28,162	22,919

(i) Government grants mainly represented subsidies received from the local government authorities for encouraging the Group's development in the admixture products in the respective PRC cities.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Profit before taxation

Profit before taxation is arrived at after charging:

(a) Finance costs:

	2025 RMB'000	2024 RMB'000
Interest on loans and other borrowings	23,135	26,031
Interest on lease liabilities	536	453
Less: interest expense capitalised into construction in progress*	(135)	—
	23,536	26,484

* The borrowing costs were capitalised at 2.62% per annum during the year ended 31 December 2025 (2024: nil).

(b) Staff costs:

	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	191,712	183,448
Contributions to defined contribution plans (i)	20,505	20,511
	212,217	203,959

(i) Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Profit before taxation (Continued)

(c) Other items:

	2025 RMB'000	2024 RMB'000
Cost of inventories [#]	1,835,520	1,744,729
Depreciation of owned property, plant and equipment	65,783	63,896
Depreciation of right-of-use assets	8,538	7,114
Amortisation of intangible assets	2,544	2,528
Short-term lease payments not included in the measurement of lease liabilities	1,409	1,221
Listing expenses	2,538	1,854
Auditors' remuneration	1,623	1,696

[#] Cost of inventories includes RMB79,552,000 relating to staff costs, depreciation and amortisation expenses for the year ended 31 December 2025 (2024: RMB83,130,000), which is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

7 Income tax in the consolidated statements of profit or loss

(a) Current taxation in the consolidated statements of profit or loss represents:

	2025 RMB'000	2024 RMB'000
Current tax:		
Provision for the year	28,693	35,327
(Over)/under-provision in respect of prior years	(3,825)	1,987
	24,868	37,314
Deferred tax:		
Origination and reversal of temporary differences	(810)	(2,886)
Effect on deferred tax balances at 1 January resulting from a change in tax rate	—	(2,134)
	24,058	32,294

(i) The provision for PRC income tax is based on a statutory rate of 25% of the assessable income of the Company's Chinese mainland subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC.

Pursuant to the PRC income tax law, all of the Company's PRC subsidiaries are liable to PRC income tax at a rate of 25% except for Linyi Conch New Material Technology Co., Ltd., which is entitled to a preferential income tax rate of 15% during the years ended 31 December 2024 and 31 December 2025, as it is certified as "High and New Technology Enterprise" ("HNTE"). According to Guoshuihan 2009 No. 203, if an entity is certified as a HNTE, it is entitled to a preferential income tax rate of 15% during the certified period.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Income tax in the consolidated statements of profit or loss (Continued)

(a) Current taxation in the consolidated statements of profit or loss represents: (Continued)

- (ii) Pursuant to Notice No. 23 issued by the State Administration of Taxation on 23 April 2020 and relevant local tax authorities' notices, certain subsidiaries are entitled to a preferential income tax rate of 15% as qualifying industries operated in western areas in the PRC during the year ended 31 December 2023. However, these subsidiaries have been liable to PRC income tax at a rate of 25% effective from 1 January 2024 due to the change on new catalog of encouraged industries released by National Development and Reform Commission.
- (iii) Effective from 1 January 2023, an additional 100% of qualified research and development expenses is allowed to be deducted from taxable income under the Enterprise Income Tax ("EIT") law and its relevant regulations.
- (iv) According to the Income Tax Law of the People's Republic of China, income derived by resident enterprises from qualifying technology transfers is eligible for preferential Enterprise Income Tax treatment. Specifically, the portion not exceeding RMB5 million in a tax year is exempt from Enterprise Income Tax, and the portion exceeding RMB5 million is subject to Enterprise Income Tax at a reduced rate of 50%.

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

	2025 RMB'000	2024 RMB'000
Profit before taxation	155,135	180,178
Notional tax on profit before taxation, calculated at the rates applicable to profit in the tax jurisdictions concerned	38,364	43,871
Super-deduction of research and development expenses	(8,739)	(12,591)
Tax effect of non-deductible expenses	1,172	2,372
Tax effect of non-taxable income	(3,327)	—
Tax effect of unused tax losses not recognized	2,289	—
Effect on deferred tax balances at 1 January resulting from a change in tax rate	—	(2,134)
Statutory tax concession	(1,876)	(1,211)
(Over)/under-provision in prior years	(3,825)	1,987
Actual tax expense	24,058	32,294

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Directors' and Supervisors' emoluments

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

Year ended 31 December 2025

	Note	Directors' fees RMB'000	Salaries allowance and benefits in kind RMB'000	Discretionary bonuses RMB'000	Contributions to retirement scheme RMB'000	Total RMB'000
Non-executive directors:						
Mr. Ding Feng	(i)	—	—	—	—	—
Mr. Feng Fangbo	(i)	—	—	—	—	—
Mr. Zhao Hongyi	(i)	—	—	—	—	—
Mr. Jin Feng	(i)	—	—	—	—	—
Mr. Fan Haibin	(i)	—	—	—	—	—
Executive directors:						
Mr. Chen Feng		—	955	475	41	1,471
Mr. Bai Lin		—	692	380	41	1,113
Independent non-executive directors:						
Mr. Li Jiang		80	—	—	—	80
Mr. Chen Jiemiao		80	—	—	—	80
Ms. Xu xu		107	—	—	—	107
Ms. Zeng Xiangfei		80	—	—	—	80
Supervisors:						
Ms. Jin Xiaoli	(ii)	—	466	199	41	706
Mr. Lu Shumin	(i)(ii)	—	—	—	—	—
Mr. Yue Jian	(i)(ii)	—	—	—	—	—
		347	2,113	1,054	123	3,637

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Directors' and Supervisors' emoluments (Continued) Year ended 31 December 2024

	Note	Directors' fees RMB'000	Salaries allowance and benefits in kind RMB'000	Discretionary bonuses RMB'000	Contributions to retirement scheme RMB'000	Total RMB'000
Non-executive directors:						
Mr. Ding Feng	(i)	—	—	—	—	—
Mr. Feng Fangbo	(i)	—	—	—	—	—
Mr. Zhao Hongyi	(i)	—	—	—	—	—
Mr. Jin Feng	(i)	—	—	—	—	—
Mr. Fan Haibin	(i)	—	—	—	—	—
Executive directors:						
Mr. Chen Feng		—	518	765	41	1,324
Mr. Bai Lin		—	353	380	41	774
Independent non-executive directors:						
Mr. Li Jiang		141	—	—	—	141
Mr. Chen Jiemiao		141	—	—	—	141
Ms. Xu xu		111	—	—	—	111
Ms. Zeng Xiangfei		90	—	—	—	90
Supervisors:						
Mr. Lu Shumin	(i)	—	—	—	—	—
Mr. Yue Jian	(i)	—	—	—	—	—
Ms. Jin Xiaoli		—	265	199	41	505
		483	1,136	1,344	123	3,086

(i) During the years ended 31 December 2025 and 2024, the directors and supervisors were not paid directly by the Group but received remuneration from shareholders of the Company or its related parties other than the Group, in respect of the services they provided to these shareholders and its related parties. No apportionment has been made as the qualifying service provided by them to the Group is incidental to his responsibility to the shareholders.

(ii) In order to further optimize the governance structure of the Company, the shareholders of the Company resolved to abolish the Supervisory Committee in an extraordinary general meeting ("EGM") held on 31 December 2025, each of the Supervisors has tendered his/her resignation to the Supervisory Committee and resigned as a Supervisor with effect from the conclusion of the EGM.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 Individuals with highest emoluments

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

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	1,902	2,389
Discretionary bonuses	1,715	2,114
Contributions to retirement benefit schemes	129	173
	3,746	4,676

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

	2025 Number of individuals	2024 Number of individuals
Hong Kong Dollar (“HKD”) 1,000,001–1,500,000	3	4

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB109,371,000 (2024: RMB125,637,000) and the weighted average of ordinary shares in issue during the year, which was calculated as follows.

Weighted average number of ordinary shares:

	2025 '000	2024 '000
Issued ordinary shares as at 1 January	434,920	434,920
Effect of ordinary shares issued	144,974	—
Weighted average number of ordinary shares as of 31 December	579,894	434,920
	2025	2024
Profit attributable to ordinary equity shareholders of the Company for the year	109,371	125,637
Weighted average number of ordinary shares (in '000)	579,894	434,920
Basic earnings per share (in RMB)	0.19	0.29

(b) Diluted earnings per share

The Company had no dilutive potential ordinary shares outstanding during the years ended 31 December 2025 and 31 December 2024, therefore, diluted earnings per share are the same as the basic earnings per share.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 Property, plant and equipment

	Plant and buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office and other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2024	500,514	624,501	12,593	36,218	16,332	1,190,158
Additions	4,127	3,144	590	342	53,008	61,211
Transfer from construction in progress	52,474	14,122	—	78	(66,674)	—
Disposals	(310)	(112)	(442)	(94)	—	(958)
At 31 December 2024 and 1 January 2025	556,805	641,655	12,741	36,544	2,666	1,250,411
Additions	232	2,453	144	1,555	166,178	170,562
Transfer from construction in progress	—	7	—	—	(7)	—
Disposals and write-off	(4,733)	(4,930)	(16)	4	—	(9,675)
Exchange rate difference	(49)	(17)	(2)	(1)	—	(69)
At 31 December 2025	552,255	639,168	12,867	38,102	168,837	1,411,229
Accumulated depreciation:						
At 1 January 2024	(48,327)	(107,331)	(6,935)	(14,575)	—	(177,168)
Charge for the year	(15,908)	(40,630)	(1,725)	(5,633)	—	(63,896)
Written back on disposals	126	64	420	89	—	699
At 31 December 2024 and 1 January 2025	(64,109)	(147,897)	(8,240)	(20,119)	—	(240,365)
Charge for the year	(18,263)	(40,188)	(1,392)	(5,940)	—	(65,783)
Written back on disposals	(1)	—	—	—	—	(1)
Exchange rate difference	1	456	4	33	—	494
At 31 December 2025	(82,372)	(187,629)	(9,628)	(26,026)	—	(305,655)
Net book value:						
At 31 December 2024	492,696	493,758	4,501	16,425	2,666	1,010,046
At 31 December 2025	469,883	451,539	3,239	12,076	168,837	1,105,574

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Right-of-use assets

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of each reporting period is as follows:

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
Properties leased for own use, carried at depreciated cost	(i)	10,431	14,974
Leasehold land for own use, carried at depreciated cost	(ii)	166,833	170,824
		177,264	185,798

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

		2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:			
Plant, machinery and equipment		4,547	3,120
Leasehold land for own use, carried at depreciated cost		3,991	3,994
		8,538	7,114
Interest on lease liabilities (note 6(a))		536	453
Expenses relating to short-term leases		745	1,221

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in note 19(d) and note 24 respectively.

(i) Properties leased for own use

The Group has obtained the right to use properties as its office buildings through tenancy agreements. The leases typically run for an initial period of 2 to 20 years.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Right-of-use assets (Continued)

(ii) Leasehold land for own use

	Leasehold land for own use RMB'000
Cost:	
At 1 January 2024	190,922
Additions	485
At 31 December 2024 and 1 January 2025	191,407
Additions	—
At 31 December 2025	191,407
Accumulated depreciation:	
At 1 January 2024	(16,589)
Charge for the year	(3,994)
At 31 December 2024 and 1 January 2025	(20,583)
Charge for the year	(3,991)
At 31 December 2025	(24,574)
Net book value:	
At 31 December 2024	170,824
At 31 December 2025	166,833

The Group has obtained land use rights in the PRC with lease period of no more than 50 years when granted.

As at 31 December 2024 and 2025, no leasehold land for own use was pledged as collaterals for bank loans.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Intangible assets

	Pollutant discharge licenses RMB'000	Patents RMB'000	Total RMB'000
Cost:			
At 1 January 2024	400	28,148	28,548
Additions	—	—	—
At 31 December 2024 and 1 January 2025	400	28,148	28,548
Additions	72	—	72
At 31 December 2025	472	28,148	28,620
Accumulated amortisation:			
At 1 January 2024	(273)	(14,425)	(14,698)
Charge for the year	(80)	(2,448)	(2,528)
At 31 December 2024 and 1 January 2025	(353)	(16,873)	(17,226)
Charge for the year	(96)	(2,448)	(2,544)
At 31 December 2025	(449)	(19,321)	(19,770)
Net book value:			
At 31 December 2024	47	11,275	11,322
At 31 December 2025	23	8,827	8,850

14 Goodwill

	31 December 2025 RMB'000	31 December 2024 RMB'000
Cost	28,691	28,691
Accumulated impairment loss	—	—
Total	28,691	28,691

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 Goodwill (Continued)

Goodwill is allocated to the Group's cash-generation units ("CGU") by region as follows:

Name of CGU	31 December 2025 RMB'000	31 December 2024 RMB'000
Linyi region	10,312	10,312
Guizhou region	114	114
Meishan region	2,950	2,950
Xiangyang region	15,315	15,315
Total	28,691	28,691

The recoverable amounts of the respective CGUs are determined based on the value-in-use ("VIU") calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year forecast period. Cash flows beyond the five-year period are extrapolated using an estimated terminal growth rate of 0%. The discount rates used are pre-tax and reflect specific risks relating to the relevant industry, the CGUs themselves and macro-environment of the relevant region. Key assumptions are set out as follows:

	2025 RMB'000	2024 RMB'000
Annual growth rate of revenue for forecast period (note (i))	1.0%–5.0%	1.0%–5.0%
Long-term growth rate	0%	0%
Pre-tax discount rate	9.9%–10.8%	10.7%–12.0%

(i) The basis used to determine the value assigned to the annual growth rate of revenue is based on the average growth levels experienced over the past years and the estimated sales volume and price growth for the next five years.

The headroom measured by the excess of the recoverable amount over the carrying amount of each CGU as at the end of each reporting period were set out below:

Name of CGU	2025 RMB'000	2024 RMB'000
Linyi region	37,096	49,465
Guizhou region	35,248	34,294
Meishan region	39,955	30,316
Xiangyang region	83,800	93,970

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 Investments in subsidiaries

The following list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group as at 31 December 2025. The class of shares held is ordinary unless otherwise stated.

Name of company	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interest held by the Company	Principal activities
Anhui Conch New Material Technology Trading Co., Ltd. 安徽海螺新材料科技貿易有限公司	The PRC 14 April 2022	RMB100,000,000/ RMB10,000,000	100%	Trading of cement and concrete admixtures and their respective in-process intermediaries
Kunming Conch New Material Technology Co., Ltd. 昆明海螺新材料科技有限公司(i)	The PRC 15 September 2020	RMB30,000,000/ RMB30,000,000	100%	Research and development ("R&D"), production and sales of cement admixtures, concrete admixtures and polycarboxylic acid mother liquor
Xiangyang Conch New Material Technology Co., Ltd. 襄陽海螺新材料科技有限公司(i)	The PRC 13 October 2008	RMB50,000,000/ RMB50,000,000	100%	R&D, production and sales of cement admixtures and its in-process intermediaries, concrete admixtures and polycarboxylic acid mother liquor
Meishan Conch New Material Technology Co., Ltd. 眉山海螺新材料科技有限公司(i)	The PRC 30 July 2018	RMB29,000,000/ RMB29,000,000	100%	R&D, production and sales of cement admixtures, concrete admixtures and polycarboxylic acid mother liquor
Xianyang Conch New Material Technology Co., Ltd. 咸陽海螺新材料科技有限公司(i)	The PRC 23 March 2020	RMB30,000,000/ RMB30,000,000	100%	R&D, production and sales of cement admixtures, concrete admixtures and polycarboxylic acid mother liquor
Linyi Conch New Material Technology Co., Ltd. 臨沂海螺新材料科技有限公司(i)	The PRC 27 May 1999	RMB67,000,000/ RMB67,000,000	100%	R&D, production and sales of cement admixtures and its in-process intermediaries
Ningbo Conch New Material Technology Co., Ltd. 寧波海螺新材料科技有限公司(i)	The PRC 15 July 2019	RMB290,000,000/ RMB290,000,000	90%	R&D, production and sales of cement admixture and concrete admixture and their respective in-process intermediaries
Tongling Conch New Material Technology Co., Ltd. 銅陵海螺新材料科技有限公司(i)	The PRC 02 June 2020	RMB30,000,000/ RMB30,000,000	80%	R&D, production and sales of cement admixtures, concrete admixtures and polycarboxylic acid mother liquor
Qinghai Conch Jingyuan New Material Technology Co., Ltd. 青海海螺金圓新材料科技有限公司(i)	The PRC 24 February 2022	RMB5,000,000/ RMB5,000,000	51%	R&D, production and sales of cement and concrete admixtures

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 Investments in subsidiaries (Continued)

Name of company	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interest held by the Company	Principal activities
Guigang Conch TCC New Material Technology Co., Ltd. ("Guigang Conch New Material") 貴港海螺台泥新材料科技有限公司(i)	The PRC 14 August 2020	RMB24,000,000/ RMB24,000,000	60%	R&D, production and sales of cement admixtures, concrete admixtures and polycarboxylic acid mother liquor
Huludao Haizhong New Material Technology Co., Ltd. 葫蘆島海中新材料科技有限公司(i)	The PRC 10 October 2022	RMB25,000,000/ RMB25,000,000	68%	R&D, production and sales of cement and concrete admixtures
Anhui Haicui Industrial Preparation Co., Ltd. 安徽海萃工業製劑有限公司(i)	The PRC 13 August 2021	RMB10,000,000/ RMB10,000,000	100%	Production and sales of grinding aids for quality intelligent monitoring system
Tashkent Conch New Materials Technology Foreign Enterprise Co., Ltd. 塔什幹海螺新材料科技外國企業有限責任公司(ii)	The UZB 1 May 2024	RMB16,000,082.85/ RMB12,208,218	100%	R&D, production and sales of cement and concrete admixtures
PT Indonesia Conch Material Technology 印尼海螺材料科技有限公司(ii)	The IDN 7 July 2025	RMB3,886,497/ RMB3,886,497	100%	R&D, production and sales of cement and concrete admixtures
Maoming Conch Material Technology Co., Ltd. 茂名海螺材料科技有限公司(i)	The PRC 21 November 2025	RMB180,000,000/Nil	100%	R&D, production and sales of cement and concrete admixtures

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

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

The following table lists out the information relating to Guigang Conch New Material, the only subsidiary of the Group which has a material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 Investments in subsidiaries (Continued)

Guigang Conch New Material	2025 RMB'000	2024 RMB'000
NCI percentage	40%	40%
Current assets	160,174	109,673
Non-current assets	77,660	82,405
Current liabilities	111,455	50,102
Non-current liabilities	—	138
Net assets	126,379	141,838
Carrying amount of NCI	50,552	56,736
Revenue	287,209	264,724
Profit for the year	38,016	39,614
Total comprehensive income	38,016	39,614
Profit distribution	53,476	—
Profit allocated to NCI	15,404	15,846
Cash flows generated from operating activities	15,808	54,105
Cash flows used in investing activities	(143)	(1,275)
Cash flows used in financing activities	(3,801)	(53,665)

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 Inventories

(a) Inventories in the consolidated statements of financial position comprise:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Raw materials	64,839	56,633
Finished goods	78,837	44,886
Total	143,676	101,519

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

	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	1,835,853	1,743,754
Write-down of inventories	(333)	975
	1,835,520	1,744,729

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 Trade and other receivables

	31 December 2025 RMB'000	31 December 2024 RMB'000
Trade receivables		
– Third parties	287,203	364,670
– Related parties	201,100	223,208
Less: allowance for doubtful debts	(35,345)	(44,983)
	452,958	542,895
Bills receivable, carried at amortised cost	297,632	259,169
Bills receivable, measured at FVOCI	34,800	64,653
Other receivables from third parties		
– Deposits and prepayments	22,789	18,895
– Receivables guaranteed by banks [#]	51,106	—
– VAT recoverable	7,444	5,584
– Prepayments for listing expenses	—	14,583
– Income tax recoverable	2,737	1,636
– Others	6,873	6,464
	876,339	913,879
Other receivables from related parties	9,916	14
Current portion of trade and other receivables	886,255	913,893
Non-current portion of trade and other receivables	10,362	8,534
Total current and non-current trade and other receivables	896,617	922,427

[#] During the year ended 31 December 2025, a subsidiary of the Group requested certain customers to provide bank payment guarantee for their overdue trade receivables. Under this arrangement, the bank will unconditionally pay the unsettled amount of the receivables upon the guarantee period expires, which is within one year. No impairment loss has been recognised during the year as the credit quality of the banks remains high.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 Trade and other receivables (Continued)

All of the current portion of trade and other receivables are expected to be recovered within one year.

As at 31 December 2025, the Group endorsed undue bills receivable of RMB97,214,000 (31 December 2024: RMB81,090,000) to its suppliers to settle trade payables of the same amount and derecognised these bills receivable and payables to suppliers in their entirety from balance sheet as the Group's management considered that the risks and rewards of ownership of these undue bills have been substantially transferred. The Group's continuous involvement in these derecognised undue bills receivable is limited to when the issuance banks of these undue bills are unable to settle the amounts to the holders of these bills. As of 31 December 2025, the maximum exposure to loss from its continuous involvement represents the amount of bills receivable of RMB97,214,000 (31 December 2024: RMB81,090,000), which the Group endorsed to its suppliers. These undue bills receivable were due within six months from date of issuance.

As of 31 December 2025, undue bank acceptance notes receivable of RMB134,155,000 (2024: RMB123,275,000) endorsed to its suppliers to settle the trade payables were not derecognised because management believed that the credit risks of ownership had not substantially transferred. All these undue bank acceptance notes receivable were due within six months.

As of 31 December 2025, undue bank acceptance notes receivable of RMB33,535,000 (2024: RMB28,188,000) discounted to banks were not derecognised because management believed that the credit risks of ownership had not substantially transferred. The short-term bank loans of RMB33,535,000 (2024: RMB28,188,000) were recognised accordingly. All these undue bank acceptance notes were due within six months.

(a) Ageing analysis

As of the end of the Reporting Period, the following table sets out an ageing analysis of trade receivables, net of loss allowance based on the due date indicated:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Current	400,332	399,530
1–6 months past due	42,142	90,950
7–12 months past due	5,606	52,415
12–18 months past due	4,878	—
	452,958	542,895

Details of the Group's credit policy and credit risk arising from trade and bills receivables are set out in note 27(a).

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 Financial assets measured at FVPL

As at 31 December 2025, financial assets measured at FVPL held by the Group were wealth management products issued by certain financial institutions in the PRC. Neither the principal amount nor the expected returns of these wealth management products are guaranteed.

19 Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Cash at bank and on hand	426,560	131,387
Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement	426,560	131,387

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

	Note	2025 RMB'000	2024 RMB'000
Profit before taxation		155,135	180,178
Adjustments for:			
Depreciation of owned property, plant and equipment	6(c)	65,783	63,896
Depreciation of right-of-use assets	6(c)	8,538	7,114
Amortisation of intangible assets	6(c)	2,544	2,528
Net loss on disposal of property, plant and equipment	5	172	133
Net realised and unrealised gain on financial instruments carried at fair value through profit or loss ("FVPL")	5	(608)	(110)
foreign exchange gain or loss		1,161	—
Finance costs	6(a)	23,536	26,484
Operating profit before changes in working capital		256,261	280,223
(Increase)/decrease in inventories		(42,157)	1,378
Decrease/(increase) in trade and other receivables		19,504	(98,119)
Increase in trade and other payables		243	9,785
Increase/(decrease) in contract liabilities		9,310	(971)
(Decrease)/increase in deferred income		(2,783)	3,139
Cash generated from operations		240,378	195,435

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 Cash and cash equivalents (Continued)

(c) Reconciliation of liabilities arising from financing activities:

	Loans and borrowings RMB'000 (Note 20)	Interest payable RMB'000 (Note (i))	Lease liabilities RMB'000 (Note 24)	Total RMB'000
At 1 January 2024	947,280	739	5,793	953,812
Changes from financing cash flows:				
Proceeds from loans and borrowings	665,213	—	—	665,213
Repayments of loans and borrowings	(693,790)	—	—	(693,790)
Capital element of lease rentals paid	—	—	(2,972)	(2,972)
Interest element of lease rentals paid	—	—	(453)	(453)
Interest of loans and borrowings paid	—	(25,370)	—	(25,370)
Total changes from financing cash flows	(28,577)	(25,370)	(3,425)	(57,372)
Other changes:				
Interest expenses	—	26,031	453	26,484
Increase in lease liabilities from entering into new leases during the year	—	—	11,148	11,148
Total other changes	—	26,031	11,601	37,632
At 31 December 2024	918,703	1,400	13,969	934,072

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 Cash and cash equivalents (Continued)

(c) Reconciliation of liabilities arising from financing activities: (Continued)

	Loans and borrowings RMB'000 (Note 20)	Interest payable RMB'000 (Note (i))	Lease liabilities RMB'000 (Note 24)	Total RMB'000
At 1 January 2025	918,703	1,400	13,969	934,072
Changes from financing cash flows:				
Proceeds from loans and borrowings	783,828	—	—	783,828
Repayments of loans and borrowings	(704,194)	—	—	(704,194)
Capital element of lease rentals paid	—	—	(3,514)	(3,514)
Interest element of lease rentals paid	—	—	(536)	(536)
Interest of loans and borrowings paid	—	(23,066)	—	(23,066)
Total changes from financing cash flows	79,634	(23,066)	(4,050)	52,518
Other changes:				
Non-cash settlement of bills discounted	5,348	—	—	5,348
Interest expenses	—	23,000	536	23,536
Capitalised borrowing cost	—	135	—	135
Total other changes	5,348	23,135	536	29,019
At 31 December 2025	1,003,685	1,469	10,455	1,015,609

Note (i): Interest payable is included in trade and other payables as disclosed in note 21.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 Cash and cash equivalents (Continued)

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2025 RMB'000	2024 RMB'000
Within operating cash flows	1,409	1,221
Within financing cash flows	4,050	3,425
	5,459	4,646

These amounts relate to the following:

	2025 RMB'000	2024 RMB'000
Lease rentals paid	5,459	4,646

20 Loans and borrowings

	31 December 2025 RMB'000	31 December 2024 RMB'000
Current	711,260	720,212
Non-current	292,425	198,491
Total	1,003,685	918,703

(i) As at the end of each reporting period, the bank loans were repayable as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Within one year	711,260	720,212
After one year but within two years	97,460	75,000
After two years but within five years	194,965	123,491
Total	1,003,685	918,703

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 Loans and borrowings (Continued)

(ii) As at 31 December 2025, the bank loans were guaranteed and secured as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Unsecured	970,150	890,515
Bills discounted	33,535	28,188
Total	1,003,685	918,703

21 Trade and other payables

	31 December 2025 RMB'000	31 December 2024 RMB'000
Trade payables		
– Third parties	212,765	202,030
– Related parties	3,176	9,524
	215,941	211,554
Other payables and accruals		
– Construction and equipment payables	41,193	34,334
– Deposits	23,040	27,899
– Other taxes and surcharges payables	4,529	7,228
– Accrued payroll and other benefits	42,183	45,876
– Listing expenses payables	–	4,130
– Other accrued expenses	9,133	10,100
	336,019	341,121
Other payables to related parties	1,284	3,159
Trade and other payables	337,303	344,280

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 Trade and other payables (Continued)

An ageing analysis of trade and bills payables of the Group, based on the invoice date, is as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Within 1 year	215,412	211,217
Over 1 year	529	337
	215,941	211,554

The amounts due to related parties are unsecured, non-interest bearing and repayable on demand.

22 Contract liabilities

	31 December 2025 RMB'000	31 December 2024 RMB'000
Advance receipts from customers	21,791	12,481

Contract liabilities are expected to be settled within the Group's normal operating cycle and will be recognised as revenue when the related performance obligations are satisfied. The management of the Group expects the contract liabilities at the reporting period end will be recognised as revenue within one year.

Revenue recognised during the year included the whole amount of contract liabilities at the beginning of year. There was no revenue recognised during the year that related to performance obligations that were satisfied in prior years.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Income tax in the consolidated statements of financial position

(a) Income tax payable in the consolidated statements of financial position represent:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Balance at the beginning of the year	20,970	12,311
Provision for current income tax for the year (note 7(a))	24,868	37,314
Payments during the year	(38,526)	(28,655)
Balance at the end of the year	7,312	20,970
Representing:		
— Income tax recoverable (note 17)	(2,737)	(1,636)
— Income tax payable	10,049	22,606
	7,312	20,970

(b) Deferred tax assets and liabilities recognised:

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

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

	Credit loss allowance RMB'000	Provision for inventory RMB'000	Deductible losses RMB'000	Fair value adjustment in relation to business combination RMB'000	Others RMB'000	Total RMB'000
Deferred tax assets/(liabilities) arising from:						
At 1 January 2024	8,713	317	5,759	(8,199)	5,176	11,766
Effect on deferred tax balances resulting from a change in tax rate (note 7(a))	400	13	2,058	—	(337)	2,134
Credited/(charged) to profit or loss	1,352	(99)	(350)	821	1,162	2,886
At 31 December 2024 and 1 January 2025	10,465	231	7,467	(7,378)	6,001	16,786
Credited/(charged) to profit or loss	(2,351)	(75)	1,897	820	519	810
Exchange adjustment	1	—	—	—	—	1
At 31 December 2025	8,115	156	9,364	(6,558)	6,520	17,597

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Income tax in the consolidated statements of financial position (Continued)

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

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

	31 December 2025 RMB'000	31 December 2024 RMB'000
Net deferred tax assets recognised on the consolidated statement of financial position	27,265	28,069
Net deferred tax liabilities recognised on the consolidated statement of financial position	(9,668)	(11,283)
	17,597	16,786

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 2(r), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB11,995,000 (2024: nil) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses can be carried forward for five years from the year incurred.

24 Lease liabilities

At the end of each reporting period, the lease liabilities were payable:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Within one year	1,988	4,357
After one year but within two years	1,635	1,987
After two years but within five years	1,970	2,234
More than five years	4,862	5,391
Balance at the end of the year	10,455	13,969

25 Deferred income

Deferred income represents government grants received to subsidize the construction of property, plant and equipment for the Group and is accounted for in accordance with the accounting policy set out in note 2(t)(iii).

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 Capital, reserves and dividends

(a) Movements in components of equity

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

	Note	Share capital RMB'000	Share premium RMB'000	PRC statutory reserves RMB'000	Retained profits RMB'000	Total equity RMB'000
Balance at 1 January 2024		434,920	187,309	7,120	36,700	666,049
Profit and total comprehensive income for the year		—	—	—	71,056	71,056
Appropriation to statutory reserves		—	—	7,106	(7,106)	—
Balance at 31 December 2024 and 1 January 2025		434,920	187,309	14,226	100,650	737,105
Profit and total comprehensive income for the year		—	—	—	75,839	75,839
Issue of ordinary shares by initial public offering, net of issuance costs	26(c)	144,974	228,804	—	—	373,778
Dividends approved in respect of the previous year		—	—	—	(98,582)	(98,582)
Appropriation to statutory reserves		—	—	7,584	(7,584)	—
Balance at 31 December 2025		579,894	416,113	21,810	70,323	1,088,140

(b) Dividend

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

	2025 RMB'000	2024 RMB'000
Final dividend proposed after the end of the reporting period of RMB0.16 per ordinary share (2024: RMB0.17)	92,783	98,582

Pursuant to a resolution passed at the Directors' meeting on 31 March 2026, a final dividend of RMB0.16 (tax inclusive) per ordinary share totalling RMB92,783,000, equivalent to approximately HKD102,727,000, was proposed for shareholders' approval. The dividend has not been provided for in the consolidated financial statements for the year ended 31 December 2025.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 Capital, reserves and dividends (Continued)

(c) Share capital and share premium

Note	Numbers of ordinary shares RMB'000	Share capital RMB'000	Share premium RMB'000	Total RMB'000
Issued and fully paid				
At 31 December 2024, 1 January 2025	434,920	434,920	187,309	622,229
Issue of ordinary shares by initial public offering, net of issuance costs	144,974	144,974	228,804	373,778
At 31 December 2025	579,894	579,894	416,113	996,007

- (i) On 13 January 2023, the Company entered into investment agreements with several independent investors, pursuant to which the investors made a total investment of RMB202,892,000 into the Company based on the valuation report provided by an independent qualified valuer, with RMB73,360,000 and RMB129,532,000 credited to the Company's share capital and share premium respectively, and the Company received all capital injection on 18 January 2023.
- (ii) On 9 January 2025, the Company's issued 144,974,000 H shares with par value of RMB1.0 each at a price of HKD3.0 per share by way of an initial public offering, pursuant to which the investors made a total investment of RMB373,778,000 into the Company, with RMB144,974,000 credited to the Company's share capital and RMB228,804,000 credited to the Company's share premium (net of issuance costs) respectively.

(d) Nature and purpose of reserves

(i) Capital reserve

Capital reserve comprises the following:

- The historical book value of the net assets of the subsidiary under common control transferred to the Company less consideration;
- the difference between the consideration paid and net assets acquired by the Company for acquisition of non-controlling interests in subsidiaries; and
- the excess of the net considerations from the shareholders of the Company over the total paid-in capital issued.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 Capital, reserves and dividends (Continued)

(d) Nature and purpose of reserves (Continued)

(ii) PRC statutory reserves

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC. Appropriations to the reserves were approved by the respective boards of directors' meeting.

For the entity concerned, PRC statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(iii) Other reserve

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside from profit after tax an amount to a legal reserve for the safety production purpose. The reserve could be utilised for improvements of safety on the manufacturing work, and the amounts are generally expenses in nature and charged to the consolidated statement of profit or loss as incurred, and at the same time the corresponding amounts of safety reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilised.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of overseas subsidiaries with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2(u).

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 Capital, reserves and dividends (Continued)

(d) Nature and purpose of reserves (Continued)

(v) Capital risk management

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

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

The Group monitors its capital structure on the basis of debt to asset ratio. The Group defines debt to asset ratio as total liabilities divided by total assets.

The Group's strategy was to maintain the debt to asset ratio at a reasonable level. The Group's debt to asset ratio as at the end of each reporting period was as follow:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Total liabilities	1,429,717	1,362,871
Total assets	2,914,692	2,459,259
Debt to asset ratio	49.05%	55.42%

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

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's business.

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

(a) Credit risk

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

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group has established a credit risk management policy under which Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due within 30 days to 210 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2025, 40% (2024: 39%) of the total trade receivables were due from the Group's largest customer respectively, 55% (2024: 71%) of the total trade receivables were due from the Group's five largest customers respectively.

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

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 Financial risk management and fair values of financial instruments (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

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

	As at 31 December 2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	5.1	422,030	(21,698)
1–6 months past due	6.9	45,254	(3,112)
7–12 months past due	25.4	7,512	(1,906)
12–18 months past due	41.7	8,363	(3,485)
More than 18 months past due	100.0	5,144	(5,144)
		488,303	(35,345)

	As at 31 December 2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	5.1	420,901	(21,371)
1–6 months past due	6.4	97,185	(6,235)
7–12 months past due	22.5	67,670	(15,255)
12–18 months past due	100.0	1,463	(1,463)
More than 18 months past due	100.0	659	(659)
		587,878	(44,983)

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

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 Financial risk management and fair values of financial instruments (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

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

	2025 RMB'000	2024 RMB'000
At the beginning of the year	(44,983)	(38,040)
Loss allowances reversed/(recognised)	9,660	(6,943)
Exchange adjustments	(22)	—
At the end of the year	(35,345)	(44,983)

Other receivables

Credit risk in respect of other receivables is limited since the balance mainly includes deposits, value-added-tax recoverable, and amounts due from related parties.

The Group has assessed that the other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The Group do not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables was recognised.

(b) Liquidity risk

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

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 Financial risk management and fair values of financial instruments (Continued)

(b) Liquidity risk (Continued)

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

	As at 31 December 2025					
	Contractual undiscounted cash outflow					
	Within one year or on demand	More than one year but less than two years	More than two years but less than five years	More than five years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loans and borrowings	727,282	101,316	196,683	—	1,028,281	1,003,685
Trade and other payables	337,303	—	—	—	337,303	337,303
Lease liabilities	2,595	1,176	2,521	5,390	11,682	10,455
	1,067,180	102,492	199,204	5,390	1,374,266	1,351,443
	As at 31 December 2024					
	Contractual undiscounted cash outflow					
	Within one year or on demand	More than one year but less than two years	More than two years but less than five years	More than five years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loans and borrowings	736,305	81,844	144,024	—	962,173	918,703
Trade and other payables	344,280	—	—	—	344,280	344,280
Lease liabilities	4,743	2,187	2,855	6,207	15,992	13,969
	1,085,328	84,031	146,879	6,207	1,322,445	1,276,952

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 Financial risk management and fair values of financial instruments (Continued)

(c) Interest rate risk

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

The Group's interest rate risk arises primarily from cash and cash equivalents, restricted bank deposits, amounts due from the then investor of a subsidiary, loans and borrowings and lease liabilities. The Group's interest-bearing financial instruments at variable rates as at 31 December 2025 are the cash and cash equivalents and restricted bank deposits, and the cash flow interest risk arising from the change of market interest rate on these balances is not considered significant. The Group's interest rate profile as monitored by management is set out below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's receivables, loans and borrowings, lease liabilities, cash and cash equivalents as at the end of reporting period:

	As at 31 December 2025		As at 31 December 2024	
	Interest rate %	RMB'000	Interest rate %	RMB'000
Fixed rate:				
Loans and borrowings	2.11%–2.62%	(1,003,685)	2.35%–2.65%	(918,703)
Lease liabilities	2.7%–13.5%	(10,455)	2.7%–13.5%	(13,969)
		(1,014,140)		(932,672)
Variable rate:				
Cash at bank	0.10%–1.25%	426,560	0.10%–1.25%	131,387
		426,560		131,387

(ii) Sensitivity analysis

At 31 December 2025 and 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately RMB3,199,000 and RMB997,000 respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. The impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense of such a change in interest rates. Fixed rate financial instruments are excluded for the above analysis. The analysis is performed on the same basis for each reporting period.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 Financial risk management and fair values of financial instruments (Continued)

(d) Fair value measurement

(i) Financial instruments carried at fair value

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at	Fair value measurements as		
	31 December 2025 RMB'000	at 31 December 2025 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets measured at FVPL				
– Wealth management products issued by bank	100,195	–	100,195	–
Financial assets measured at FVOCI				
– Bills receivable	34,800	–	34,800	–
	134,995	–	134,995	–

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 Financial risk management and fair values of financial instruments (Continued)

(d) Fair value measurement (Continued)

(i) Financial instruments carried at fair value (Continued)

	Fair value at	Fair value measurements as		
	31 December 2024 RMB'000	at 31 December 2024 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets measured at FVPL				
– Wealth management products issued by bank	40,000	–	40,000	–
Financial assets measured at FVOCI				
– Bills receivable	64,653	–	64,653	–
	104,653	–	104,653	–

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

Valuation techniques and inputs used in Level 2 fair value measurements

For wealth management products issued by banks that are measured at FVPL, the fair value is determined by net value of the products on the balance sheet date that published by commercial banks.

For bills receivable that are measured at FVOCI, the fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

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

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

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 Commitments

At 31 December 2025, the Group had capital commitments not provided for in the consolidated financial statements were as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Contracted for	112,286	121,981

29 Material related party transactions

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's executive directors as disclosed in note 8 is as follows:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	7,108	2,480
Post-employment benefits	293	123
	7,401	2,603

(b) Name and relationship with related parties

During the year, transactions with the following parties are considered as related party transactions.

Name of party (i)	Relationship
Anhui Conch Cement Company Limited and its subsidiaries 安徽海螺水泥股份有限公司及其附屬公司	Fellow subsidiary
Anhui Conch Group and its subsidiaries 安徽海螺集團及其附屬公司	Intermediate holding company
Xintongling Building Materials Group and its subsidiaries 鑫統領建材集團及其附屬公司	Entities controlled by a director of the Company
Linyi Haihong New Material Technology Co., Ltd. 臨沂海宏新型材料科技有限公司	Entity controlled by a director of the Company
China Conch Venture Holdings Limited and its subsidiaries 中國海螺創業控股有限公司及其附屬公司	Investor of Anhui Conch Group

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

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 Material related party transactions (Continued)

(c) Material related party transactions

Particulars of material transactions between the Group and the above related parties during the year are as follows:

	2025 RMB'000	2024 RMB'000
Sales of cement and concrete admixture products to:		
Anhui Conch Cement Company Limited and its subsidiaries	630,318	717,812
Anhui Conch Group and its subsidiaries	41,427	18,822
Xintongling Building Materials Group and its subsidiaries	9,887	11,389
	681,632	748,023
Sales of other products to:		
Anhui Conch Cement Company Limited and its subsidiaries	592	924
	2025 RMB'000	2024 RMB'000
Purchase of goods from:		
China Conch Venture Holdings Limited and its subsidiaries	553	—
Anhui Conch Cement Company Limited and its subsidiaries	1,888	511
Anhui Conch Group and its subsidiaries	303	615
	2,744	1,126

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 Material related party transactions (Continued)

(c) Material related party transactions (Continued)

	2025 RMB'000	2024 RMB'000
Purchase of property, plant and equipment from:		
China Conch Venture Holdings Limited and its subsidiaries	1,449	1,047
Anhui Conch Cement Company Limited and its subsidiaries	—	4,023
Anhui Conch Group and its subsidiaries	10	640
	1,459	5,710
	2025 RMB'000	2024 RMB'000
Services received from:		
China Conch Venture Holdings Limited and its subsidiaries	343	—
Anhui Conch Cement Company Limited and its subsidiaries	24,303	16,644
Anhui Conch Group and its subsidiaries	6,203	1,827
	30,849	18,471
	2025 RMB'000	2024 RMB'000
Rental paid to:		
Anhui Conch Group and its subsidiaries	1,122	—

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 Material related party transactions (Continued)

(d) Balances with related parties

Balances with related parties at the end of each reporting period are as follows:

The Group:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Trade receivables		
Anhui Conch Cement Company Limited and its subsidiaries	179,325	212,446
Anhui Conch Group and its subsidiaries	20,298	8,770
Xintongling Building Materials Group and its subsidiaries	1,477	1,992
	201,100	223,208
Other receivables		
Linyi Haihong New Material Technology Co., Ltd.*	6,487	—
Anhui Conch Cement Company Limited and its subsidiaries	3,426	14
Anhui Conch Group and its subsidiaries	3	—
	9,916	14

* During the year ended 31 December 2025, the advances granted to the related party amounted to RMB14,516,000 and repayments of advances amounted to RMB8,029,000.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 Material related party transactions (Continued)

(d) Balances with related parties (Continued)

	31 December 2025 RMB'000	31 December 2024 RMB'000
Trade payables		
Anhui Conch Cement Company Limited and its subsidiaries	1,442	3,383
China Conch Venture Holdings Limited and its subsidiaries	1,732	972
Anhui Conch Group and its subsidiaries	2	5,169
	3,176	9,524
Other payables		
Anhui Conch Cement Company Limited and its subsidiaries	—	2,022
China Conch Venture Holdings Limited and its subsidiaries	59	1,074
Anhui Conch Group and its subsidiaries	1,225	63
	1,284	3,159

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

The related party transactions in respect of Anhui Conch Cement Company Limited and its subsidiaries above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "Connected transactions" of the Report of the Directors.

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 Company-level statement of financial position

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment		2,728	1,860
Right-of-use assets		1,747	4,077
Intangible assets		3,508	3,986
Investments in subsidiaries	15	598,235	491,529
Non-current portion of trade and other receivables		1,710	—
Deferred tax assets		4,285	996
		612,213	502,448
Current assets			
Trade and other receivables		219,209	403,581
Financial assets measured at FVPL		100,195	40,000
Cash and cash equivalents		349,422	74,322
		668,826	517,903
Current liabilities			
Loans and borrowings		—	83,000
Trade and other payables		190,388	188,030
Lease liabilities		1,400	2,586
Income tax payables		—	7,211
		191,788	280,827
Net current assets		477,038	237,076
Total assets less current liabilities		1,089,251	739,524

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 Company-level statement of financial position (Continued)

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current liabilities			
Lease liabilities		674	1,400
Deferred tax liabilities		437	1,019
		1,111	2,419
Net assets			
		1,088,140	737,105
Capital and reserves			
	26		
Share capital		579,894	434,920
Reserves		508,246	302,185
		1,088,140	737,105

31 Non-adjusting events after the reporting period

- (i) Subsequent to the end of reporting period, the directors proposed a final dividend for the year ended 31 December 2025. Further details are disclosed in note 26(b).

XV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2025

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

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7: <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to IFRS 9 and HKFRS 7: <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18, <i>Presentation and Disclosure in Financial Statement</i>	1 January 2027
IFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to IAS 21, <i>Translation to a hyperinflationary presentation currency</i>	1 January 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position except for the following:

IFRS 18, Presentation and disclosure in financial statements

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

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

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