

# JiaChen Holding Group Limited 佳辰控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 1937

## ANNUAL REPORT 2025



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## 2 CORPORATE INFORMATION

### Board of Directors

Executive Directors

Mr. Shen Min (*Chairman*)

Ms. Liu Hui (*Chief Executive Officer*)

Mr. Shen Minghui

Mr. Zhu Wen (*appointed on 17 October 2025*)

Independent Non-executive Directors

Mr. Xie Xing

Mr. Wang Li

Ms. Long Mei

### Audit Committee

Mr. Xie Xing (*Chairman*)

Mr. Wang Li

Ms. Long Mei

### Remuneration Committee

Ms. Long Mei (*Chairlady*)

Mr. Wang Li

Ms. Liu Hui

### Nomination Committee

Mr. Wang Li (*Chairman*)

Ms. Liu Hui

Mr. Xie Xing

### Authorised Representatives

Mr. Shen Minghui

Mr. Li Wen Tao

### Company Secretary

Mr. Li Wen Tao

### Company Website

[www.jiachencn.com.cn](http://www.jiachencn.com.cn)

### Stock Code

1937

### Principal Bankers

Agricultural Bank of China

Sub-Branch, Changzhou Economic Development

Zone 157–159 Yanlingdong Road

Changzhou City

Jiangsu Province

China

DBS Bank (Hong Kong) Limited

11/F, The Center

99 Queen's Road

Central Hong Kong

### Auditor

Crowe (HK) CPA Limited

9/F Leighton Centre

77 Leighton Road

Causeway Bay

Hong Kong

### Registered Office in the Cayman Islands

Windward 3 Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

### Principal Place of Business and Head Office in the People's Republic of China

No.18 Changhong East Road

Henglin Town

Weijin District

Chengzhou City

Jiangsu Province

China

### Place of Business in Hong Kong Registered Under Part 16 of the Companies Ordinance

22/F, 3 Lockhart Road

Wanchai

Hong Kong

## Share Registrar and Transfer Office

Cayman Islands Principal Share  
Registrar and Transfer Office  
Ocorian Trust (Cayman) Limited  
Windward 3, Regatta Office Park PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

Hong Kong Branch Share  
Registrar and Transfer Office  
Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## 4 CHAIRMAN'S STATEMENT

On behalf of the board (the "**Board**") of directors (the "**Directors**") of JiaChen Holding Group Limited (the "**Company**"), it is my pleasure to present the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2025 to the shareholders of the Company (the "**Shareholders**").

### Listing

On 17 January 2020, the shares of the Company (the "**Shares**") were successfully listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), which marked a significant milestone for the development of the Group. Out of the net proceeds amounting to approximately HK\$85.8 million raised from the issuance of 250,000,000 Shares to the public in Hong Kong, and under placing arrangement with selected professional, institutional and other investors (the "**Global Offering**"), approximately HK\$83.5 million has been utilised up to 31 December 2025 in accordance with the business strategies and implementation plan (the "**Strategies and Implementation Plan**") as stated in the prospectus of the Company dated 31 December 2019 (the "**Prospectus**"). The remaining balance of the net proceeds as at 31 December 2025 amounting to approximately HK\$2.3 million is expected to be utilised in accordance with the Strategies and Implementation Plan by the end of December 2027.

### Results

For the year ended 31 December 2025, the Group recorded a total sales revenue of approximately RMB189.7 million representing an decrease of approximately 26.4% compared to that of approximately RMB257.8 million for the year ended 31 December 2024. This decline occurred as the real estate sector faced severe structural challenges evidenced by an 8.7% year-on-year contraction in the floor space of newly built commercial buildings sold. In response to this sluggish demand, shrinking property completions, and rising credit risks, the Group has transitioned to a more prudent "eliminating the weak and retaining the strong" order-taking strategy, prioritizing high-quality business opportunities and customers with superior credit ratings. Moreover, the operational pressures were further compounded by extreme raw material price volatility based on the price of aluminum prices reaching a three-year high, which necessitated upward adjustments for flagship products to protect margins and affected adversely the overall sales of the Group's products.

The aforesaid decrease in sales revenue brought negative effect to Group as the gross profit decreased from approximately RMB63.0 million for the year ended 31 December 2024 to approximately RMB48.3 million for the year ended 31 December 2025. The net profit attributable to the owners of the Company decreased by approximately 68.1% from approximately RMB11.9 million for the year ended 31 December 2024 to approximately RMB3.8 million despite an decrease in selling expenses by approximately 14.1% and administrative expenses by approximately 6.0% over those of the year ended 31 December 2025. In addition, an impairment of contract assets and trade and bills receivables in the amount of approximately RMB11.3 million provided for the year ended 31 December 2025 compared to that of approximately RMB11.2 million for the year ended 31 December 2024 also exerted an adverse impact on the net profit attributable to the owners of the Company for the year ended 31 December 2025.

## Review and Prospect

During the year ended 31 December 2025, the People's Republic of China (the "PRC") achieved a GDP growth rate of 5.0%, successfully meeting the government's target despite a complex economic environment. This growth was supported by innovation-led development and targeted macroeconomic policies. However, the construction and real estate sectors faced significant structural challenges. The commercial property market experienced particular pressure, with total floor space of newly built commercial buildings sold declining by 8.7% year-on-year. This contraction, coupled with pressure on gross margins and rising bad debt risks, necessitated the Group's adoption of a more prudent order-taking strategy. By "eliminating the weak and retaining the strong," we would strictly select customers with superior credit ratings and high-quality business opportunities.

In 2025, precious metals surged significantly, with the annual average gold price climbing 44% to reach US\$3,431 per ounce. Aluminum prices reached a three-year high, fluctuating in the US\$2,800 to US\$2,900 per tonne range. This sharp increase forced the Group to adjust pricing on flagship products to maintain margins. Due to long lead times inherent in our industry, we have prioritized strengthening quotation mechanisms and implementing robust cost-locking strategies.

Despite these headwinds, the Group has identified resilient growth opportunities. Benefiting from the explosive growth of the artificial intelligence industry, market demand for data center building materials remains exceptionally robust. Additionally, demand for renovation and retrofitting of existing commercial buildings remains strong, providing stable revenue streams. The Group will strategically concentrate resources on these high-growth segments while optimizing costs through favorable material price adjustments and expanding into overseas markets to diversify operational risks.

Despite the above challenges, the Board maintains an optimistic outlook for the access flooring products industry and the Group's future. The Group is committed to adapting swiftly to market shifts while prioritizing long-term growth. It will channel resources into enhancing product recognition through technological advancements and production line upgrades, ensuring cost efficiency and laying the groundwork for sustained success.

## Acknowledgement

On behalf of the Board, I would like to take this opportunity to express sincere gratitude to our employees and the management team for their hard works and contribution in 2025. I would also like to thank all Shareholders for their long-term support.

**Shen Min**

*Chairman*

25 March 2026

## 6 MANAGEMENT DISCUSSION AND ANALYSIS

### General Overview

The Group is principally engaged in the manufacturing and sales of access flooring products and provide related installation services with the headquarters based in Changzhou City, Jiangsu Province, the PRC. The Group's products mainly consist of: (i) steel access flooring products; and (ii) calcium-sulfate access flooring products. The access flooring products of the Group are generally applied in office buildings in the PRC with the characteristics of: (i) cable management (wires and cables are managed and organised underfloor with flexibility to accommodate any electronic devices); (ii) short installation time; (iii) high compressive strength and fire-resistance characteristic; and (iv) high bearing capacity.

Access flooring products have been widely applied for use in office buildings, industrial office buildings, data centres, classrooms, libraries, etc. It is believed that the usage of raised access flooring products, in long term, will increase at a steady rate in the PRC due to the growth in the investments in new office buildings as well as growing construction area of industrial land. This steady growth trend can mainly be attributed to the following primary factors: (i) a rising demand from construction of industrial office buildings in second-tier and above cities in the PRC; (ii) an increase in the number of aging office buildings in the PRC with the retirement of more and more obsolete access flooring products units; (iii) adoption of more stringent policies by the PRC Government, stimulating an expected increase in the demand for access flooring products; (iv) a growth in price of access flooring products as a result of increasing raw materials prices; and (v) increasing penetration rate of calcium sulfate access flooring products due to its high performance.

As the Group is considered as one of the largest market players in the access floor manufacturing industry in the PRC, the Board believes that a top-down management structure is conducive to further market penetration in the industry. While the sales manager is responsible for: (i) formulating sales and marketing strategy and planning upon the approval of the general manager; (ii) managing major on-site promotional activities; (iii) analysing the market environment, target, planning and business activities on a regular basis; (iv) formulating the market price of the Group's products based on the market and industry situation; (v) negotiating and entering into agreement; (vi) allocating resources for annual sales plan; and (vii) understanding customers' needs by visit, the principal duties of the sales representatives are to expand the customer base, track the existing customers' needs, negotiate and enter into contract with them. As for back-up supporting staff, they assist in supervising contract execution, compiling relevant statistics for analysis and handling customers' concerns in a timely fashion. With the concerted efforts of the staff, the Group continues its commitment to quality access flooring products with different sales and marketing strategies, including improving quality products, brand recognition and the responsiveness to customers. In addition, the Group would also enhance its effort in attending trade fairs and exhibitions, which are considered as good platforms for brand promotion and expansion of customer base.

The Group is committed to exhibiting a high level of consciousness on product design, function and quality and accordingly, it has established a research and development team, the members of which have obtained relevant qualification as assistant engineer (助理工程師). With its strong research and development capability, the Group has made the following achievements: (i) better recombination ability of the coating resin in graphene; and (ii) better performance of the graphene coating powder in terms of coating flexibility, resistance and other technical areas. For the year ended 31 December 2025, the Group spent approximately RMB10.0 million in research and development as compared to that of approximately RMB11.4 million for the year ended 31 December 2024.

The Group's presence in the access flooring manufacturing industry is established in the PRC. The Group was awarded ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health and Safety Assessment) certificates. With the commitment to quality control, the Group's market recognition and service quality are further underpinned. The Group was also awarded the 常州市知名商標證書 (Well-known Trademark of Changzhou City\*) by the 常州市知名商標認定委員會 (Recognition Committee of Well-known Trademark of Changzhou City\*) in 2011, 江蘇名牌產品證書 (Jiangsu Famous Brand Certificate\*) by the 江蘇省名牌戰略推進委員會 (Jiangsu Promotion Commission for Famous Brand Strategy\*) in 2017, 企業信用等級證書 AAA綜合信譽信用等級 (the accreditation of AAA Credit Enterprise\*) by 聯合信用管理有限公司江蘇分公司 (Jiangsu Branch of Lianhe Credit Information Service Co., Ltd.\*) for the period from 2016 to 2018, 江蘇省質量信用等級 (the accreditation of AA Quality Credit Rating\*) by the 江蘇省市場監督管理局 (Market Supervision Bureau of Jiangsu Province\*) in 2019, 常州市高新技術產品認定證書 (Changzhou High-tech Product Certification\*) by the 常州市科學技術局 (Science and Technology Bureau of Changzhou City\*) in 2020. Moreover, the Group was awarded three 實用新型專利證書 (Patent Registration Certificate of New Utility\*) and 發明專利證書 (Patent Registration Certificate\*) respectively for our technologies and products by 中國知識產權局 (China National Intellectual Property Administration\*) in 2021.

In 2022, 高新技術企業 (High-tech Enterprise\*) issued by 江蘇省科學技術廳·江蘇省財政廳及國家稅務總局江蘇省稅務局 (Department of Science and Technology of Jiangsu Province\*, Department of Finance of Jiangsu Province\*, and Jiangsu Provincial Taxation Bureau of the State Administration of Taxation\*), 江蘇省專精特新中小企業 (Jiangsu Province Specialized and New Small and Medium-sized Enterprise\*) issued by 江蘇省工業和信息化廳 (Department of Industry and Information Technology of Jiangsu Province\*), 品牌質量獎 (Brand Quality Award\*) issued by 中共常州市武進區橫林鎮委員會及常州市武進區橫林鎮人民政府 (Henglin Town Committee of Wujin District of Changzhou City, and the People's Government of Henglin Town, Wujin District of Changzhou City\*), 勞動保障誠信企業 (Labor Security Integrity Enterprise\*) issued by 常州市人力資源和社會保障局 (Changzhou Municipal Bureau of Human Resources and Social Security\*), 常州市創建和諧勞動關係先進企業 (Advanced Enterprise for Creating Harmonious Labor Relations in Changzhou City\*) issued by 常州市協調勞動關係三方委員會 (Tripartite Committee for Coordinating Labour Relations in Changzhou City\*), CSA8000 常州市企業社會責任標準達標企業 (CSA8000 Changzhou Corporate Social Responsibility Standard Conformity Enterprise\*) issued by 常州市協調勞動關係三方委員會 (Tripartite Committee for Coordinating Labour Relations in Changzhou City\*) and 中國防靜電裝備品牌企業榮譽證書 (China Anti-static Equipment Brand Enterprise Honor Certificate\*) issued by 中國電子儀器行業協會防靜電裝備分會 (Anti-static Equipment Branch of the China Electronic Instrument Industry Association\*) were awarded to the Group.

In 2024, 質量管理體系認證證書 (Certificate of Approval\*) issued by 盛唐認證南京有限責任公司 (Shentang Certification Nanjing Co., Ltd.\*), 環境管理體系認證證書 (Certificate of Environment Management System\*) issued by 盛唐認證南京有限責任公司 (Shentang Certification Nanjing Co., Ltd.\*), 職業健康安全體系認證證書 (Certificate of Occupational Health and Safety Management System\*) issued by 盛唐認證南京有限責任公司 (Shentang Certification Nanjing Co., Ltd.\*), 2024年度發展貢獻獎 (2024 Development Contribution Award\*) issued by 中共常州市武進區橫林鎮委員會及常州市武進區橫林鎮人民政府 (Henglin Town Committee of Wujin District of Changzhou City\* and the People's Government of Henglin Town, Wujin District of Changzhou City\*), 2024年度納稅大戶銅獎 (Bronze Award for Large Tax payer in 2024\*) issued by 中共江蘇常州經濟開發區工作委員會及江蘇常州經濟開發區管理委員會 (CPC Jiangsu Changzhou Economic Development Zone Working Committee\* and Jiangsu Changzhou Economic Development Zone Management Committee\*), 會員證書及團體會員證書 (Certificate of Membership and Certificate of Corporate Membership\*) issued by 中國電子儀器行業協會防靜電裝備分會 (Anti-static Equipment Branch of the China Electronic Instrument Industry Association\*), 守合同重信用企業公示證書 (The Publicity Certificate of Trustworthy Enterprise\*) issued by 江蘇省企業信用管理協會 (Jiangsu Enterprise credit Management Association\*), 常州市企業技術中心 (Changzhou Enterprise Technology Center\*) issued by 常州市工業和信息化局 (Changzhou Bureau of Industry and Information Technology\*), and 知識產權合規管理體系認證證書 (Intellectual Property Compliance Management System Certification\*) issued by 中規(北京)認證有限公司 (Zhonggui (Beijing) Certification Co., Ltd.\*) were awarded to the Group.

In 2025, the Group has been awarded with the following:

- 高新技術企業證書 (High-tech Enterprise Certificate\*), issued by 江蘇省科學技術廳, 江蘇省財政廳及國家稅務總局江蘇省稅務局 (Jiangsu Department of Science and Technology\*, Jiangsu Finance Department\* and the State Taxation Administration of Jiangsu Province\*).
- 綠色工廠 (Green Factory\*) issued by 常州市工業和信息化局 (Changzhou Municipal Bureau of Industry and Information Technology\*).

\* *For identification purposes only*

## Business Objectives and Implementation Plan

An analysis comparing the business strategies set out in the Prospectus with the Group's actual implementation progress up to 31 December 2025 is as follows:

Business Strategies	Planned use of net proceeds		Actual use of net proceeds up to 31 December 2024	Amount utilised during the year ended 31 December 2025	Unutilised amount as at 31 December 2025	Expected timeframe for the utilisation of the remaining balance
	(HK\$'million)	%	(HK\$'million)	(HK\$'million)	(HK\$'million)	
1. Enhancement of the production capacity and efficiency						
– acquisition of a parcel of land in Changzhou City	20.9	24.4	20.9	–	–	N/A
– construction of infrastructure including two new factory buildings for production and storage	21.9	25.5	21.9	–	–	N/A
– installation of five additional production lines	26.9	31.4	26.9	–	–	N/A
– installation of environmental friendly and energy-saving facilities and equipment	2.2	2.6	2.2	–	–	N/A
2. Acquisition of automated machinery and equipment for upgrading the existing production lines	5.1	5.9	5.1	–	–	N/A
3. Repayment of outstanding indebtedness of the Group	5.0	5.8	5.0	–	–	N/A
4. Enhancement and optimization of the information technology system	2.3	2.7	–	–	2.3	Enhancement and optimization of the information technology system aims at satisfying the requirements under the expansion of production capacity resulting from the utilisation of the factory buildings. The unutilised amount as at 31 December 2025 is anticipated to be utilised by the end of December 2027.
5. Working capital and general corporate purposes	1.5	1.7	1.5	–	–	N/A
<b>Total</b>	<b>85.8</b>	<b>100.0</b>	<b>83.5</b>	<b>–</b>	<b>2.3</b>	

## Sales Analysis

The Group recorded a consolidated revenue of approximately RMB189.7 million for the year ended 31 December 2025, representing an decrease of approximately RMB68.1 million or 26.4% as compared to that of approximately RMB257.8 million for the year ended 31 December 2024. The decrease in consolidated revenue was primarily due to the overall sluggish demand in the mainland real estate market and the decrease in new property completions.

Details of the Group's revenue by products are as follows:

	For the year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Steel access flooring products	113,827	60.0	177,315	68.8
Calcium-sulfate access flooring products	75,891	40.0	80,473	31.2
<b>Total</b>	<b>189,718</b>	<b>100.0</b>	257,788	100.0

For the year ended 31 December 2025, sales of steel access flooring products was the largest contributor to the Group's revenue and it accounted for approximately 60.0% of the total revenue. Revenue derived from sales of steel access flooring products decreased significantly by approximately 35.8% from approximately RMB 177.3 million for the year ended 31 December 2024 to approximately RMB113.8 million for the year ended 31 December 2025. This was mainly attributable to sluggish demand in the mainland real estate market and the decrease in new property completions during the year ended 31 December 2025.

Revenue derived from sales of calcium-sulfate access flooring products also decreased by 5.7% from approximately RMB80.5 million for the year ended 31 December 2024 to approximately RMB75.9 million for the year ended 31 December 2025. This was primarily due to the structural challenges faced by the real estate sector and the decline in the total floor space of newly built commercial buildings sold during the year ended 31 December 2025.

Details of the sales volume and average unit selling price by products are as follows:

	For the year ended 31 December			
	2025		2024	
	Sales volume million m <sup>2</sup>	Average unit selling price RMB/m <sup>2</sup>	Sales volume million m <sup>2</sup>	Average unit selling price RMB/m <sup>2</sup>
Steel access flooring products	0.83	137.1	1.34	132.3
Calcium-sulfate access flooring products	0.48	158.1	0.52	154.8
<b>Total</b>	<b>1.31</b>		1.86	

Sales volume for both steel access flooring products and calcium-sulfate access flooring products dropped significantly due to the significant structural challenges faced by the real estate sector and the decline in the total floor space of newly built commercial buildings sold during the year ended 31 December 2025.

Generally, it is considered that both product specifications and technical requirements are the major factors affecting the product price. Based on the market needs, the Group usually adopts a cost-plus pricing policy that takes various factors into consideration, such as the production cost, price of raw materials, suppliers of installation services, purchase volume of the customers, background of the customers and competition. Given the circumstances described above, the Group chose to adopt a competitive pricing policy so as to maintain a reasonable profit margin.

Given the surge in prices of precious metals and alumina in 2025, and the risk of cost lag between quotation and final delivery due to long lead time, the Group has adopted a more prudent order taking strategy. By “eliminating the weak and retaining the strong”, the Group would strictly select customers with superior credit ratings and high business opportunities.

Details of the Group’s sale revenue by geographical location are as follows:

	For the year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
PRC	146,670	77.3	225,574	87.5
Hong Kong, China	1,174	0.6	–	–
Other countries and regions	41,874	22.1	32,214	12.5
<b>Total</b>	<b>189,718</b>	<b>100.0</b>	257,788	100.0

For both of the years ended 31 December 2025 and 2024, the Group’s products were mainly sold in the PRC and to a lesser extent exported to other countries and regions such as Singapore, The United Arab Emirates and Taiwan. For the year ended 31 December 2025, the groups’s products were also sold to Hong Kong and Republic of Uzbekistan.

Details of the gross profit and gross profit margin by products are as follows:

	For the year ended 31 December			
	2025		2024	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Steel access flooring products	30,069	26.4	45,224	25.5
Calcium-sulfate access flooring products	18,243	24.0	17,762	22.1
<b>Total</b>	<b>48,312</b>	<b>25.5</b>	62,986	24.4

The gross profit from steel access flooring products accounted for the majority of the gross profit of the Group for both of the years ended 31 December 2025 and 2024. The gross profit margin of the access flooring products was a combined result of gross profit margin of individual contracts undertaken by the Group, which was in turn affected by various factors, including but not limited to the tender or quotation price, scale, project specifications and other estimated costs, which vary from project to project. Gross profit margin of steel access flooring products for the year ended 31 December 2025 compared to that of the year ended 31 December 2024 increased by approximately 0.9 percentage points to 26.4%, while gross profit margin of calcium-sulfate access flooring products for the year ended 31 December 2025 compared to that of the year ended 31 December 2024 increased by approximately 1.9 percentage points to 24.0%. The improvement in gross profit margins for both product categories was primarily attributable to the enhancement of production efficiency following the relocation of production lines to the new factory plant in 2023.

## Operating Costs and Expenses

Selling expenses decreased by approximately RMB1.7 million, representing a 14.1% decrease to approximately RMB10.5 million for the year ended 31 December 2025 from approximately RMB12.2 million for the year ended 31 December 2024. The decrease was primarily attributed to the decrease in consultation fees for external professionals engaged for business development initiatives aimed at securing more commercial opportunities for the Group.

The net impairment of contract assets and trade and bills receivables increased slightly by approximately 0.29% to approximately RMB11.3 million for the year ended 31 December 2025 from approximately RMB11.2 million for the year ended 31 December 2024. Further details of the recoverability assessment on contract assets and trade and bills receivables are set out below.

Administrative expenses decreased by approximately RMB0.9 million, representing a 6.0% decrease to approximately RMB14.2 million for the year ended 31 December 2025 from approximately RMB15.1 million for the year ended 31 December 2024. The decrease was primarily driven by the decrease in salaries and wages.

Finance costs decreased by approximately RMB0.8 million to approximately RMB2.4 million for the year ended 31 December 2025 from approximately RMB3.2 million for the year ended 31 December 2024. The decrease was mainly due to the reduction in bank borrowings during the year ended 31 December 2025.

## Operating Results

Profit before taxation decreased significantly from approximately RMB14.3 million for the year ended 31 December 2024 to approximately RMB3.8 million for the year ended 31 December 2025, representing an decrease of approximately 73.4%. The substantial drop of profit before taxation was primarily attributable to the decrease of 26.4% in the sales revenue of approximately RMB257.8 million for the year ended 31 December 2024 to approximately RMB189.7 million for the year ended 31 December of 2025, which outweighed the decrease in selling expenses, administrative expenses and the finance costs mentioned above.

## Recoverability Assessment of Contract Assets and Trade and Bills Receivables

The Group applies the simplified approach to provide for expected credit losses (“ECLs”) prescribed by the HKFRS 9 Financial Instruments, which permits the use of lifetime expected loss provision for contract assets and trade and bills receivables. To measure the lifetime ECLs on contract assets and trade and bills receivables, the Group categorised them based on their shared credit risk characteristics and ageing of current and past due days, evaluated their recoverability by reference to their payment history records with the Group using a provision matrix as adjusted for factors specific to the customers such as history and patterns of settlements from the customers, financial difficulties of the defaulted customers and other current conditions at the reporting period end, as adjusted for forward looking information, such as expected economic conditions by reference to the forecast of next year’s GDP in the PRC and subsequent settlements received from the customers after the respective reporting period ends.

Statistical regression model has been adopted to project the estimated lifetime ECL rates on each ageing band of contract assets and trade and bills receivables as at 31 December 2025 and 2024, based on co-efficient relationship of the actual bad debt rates on each ageing bands of contract assets and trade and bills receivables at each reporting period ended on 31 December 2015 to 2025 (2024: 2014 to 2024) and the respective annual PRC GDP growth rates following each of these reporting period ends.

The estimated ECL rates on contract assets and trade receivables, which are based on the statistical regression model, are further adjusted after considering the status of the subsequent settlements received from the customers after the end of the reporting period and additional individual assessment if the relevant customers are defaulted in settlement.

Management of the Group has been closely monitoring the status of accounts owing by its customers during and after the years ended 31 December 2025 and 2024. Close contact with customers has been maintained to ensure there is no major issue arising from the payment process. Consideration would be given to the issuance of pre-action letters and the institution of legal proceedings against the relevant customers to recover outstanding amounts as well as penalty, liquidated damages and other expenses as permitted under the laws of the PRC, and consideration would also be given to the negotiations of new repayment schedules to recover the outstanding debts if necessary.

Set out below is the analysis of the calculation of the ECL rates on contract assets and trade and bills receivables at 31 December 2025, using the co-efficient factors between the bad debt loss rates and the annual PRC GDP growth rates which were derived from the statistical regression model, and adjusted after considering the additional individual assessment of the status of subsequent settlements received from the customers and the financial difficulties of the defaulted customers:

	Coefficient of determination (R squared), the proportion of the variance in the ECL rate that is predictable from the following year's PRC GDP growth rate *	Intercept for the linear following year's PRC GDP growth rate and actual bad debt loss rates at each reporting period end ** A %	Coefficient factor between following year's PRC GDP growth rate and actual bad debt loss rate at each reporting period end ** B	Estimated ECL rate at 31 December 2025, based on the regression model $C=A+B*2026$ GDP growth rates (=4.5%) *** C %	Applied ECL rate at 31 December 2025 after considering individual assessment of customers %
<b>Contract assets</b>	0.53	4.90	-0.4939	2.68	7.18*****
<b>Trade and bills receivables</b>					
<b>Not yet due or current</b>	0.51	8.00	-0.8818	4.03	4.03
<b>Past due:</b>					
Within 1 month	0.67	13.57	-1.4160	7.20	7.20
1-3 months	0.71	21.50	-2.5709	9.93	9.93
3-6 months	0.43	9.88	-0.8149	6.21	13.42****
6-9 months	0.04	9.74	-0.1555	9.04	14.39****
9-12 months	0.50	24.92	-2.2369	14.86	32.69****
1-2 years	0.40	48.85	-3.8045	31.73	51.72****
Over 2 years	0.60	64.64	-4.7529	43.26	81.40****
Overall – Trade and bills receivables	0.58	21.33	-1.8219	13.13	30.17

## Notes:

- \* The coefficient of determination ranges from 0 to 1, representing 0% to 100% of the variation in the ECL rate at the reporting period end that can be explained by the following year's PRC GDP growth rate.
- \*\*  $Intercept = (\sum y)/(\sum x^2) - (\sum x)(\sum xy)/n(\sum x^2) - (\sum x)^2$  and  $Coefficient\ factor = n(\sum xy) - (\sum x)(\sum y)/n(\sum x^2) - (\sum x)^2$ , where  $y$  is the ECL rate for contract assets and trade and bills receivables falling into each of the ageing bands at the reporting period end and  $x$  is the following year's PRC GDP growth rate.
- \*\*\* The initial official target GDP growth rate for 2026 is 4.5% as announced by the PRC government. The expected GDP growth rate for 2026 is considered to be reasonable by reference to the estimation of the credit analysts.
- \*\*\*\* ECL rate for each of the above ageing bands of trade and bills receivables of past due within 3–6 months, 6–9 months, 9–12 months, 1–2 years and past due over 2 years are adjusted after considering the status of subsequent settlements received after 31 December 2025 and additional individual assessment on the payment history and patterns of the customers falling into each of these respective ageing bands of trade and bills receivables and financial difficulties of the defaulted customers.
- \*\*\*\*\* ECL rate for contract assets are adjusted after considering the additional individual assessment on the payment history and patterns of the customers and financial difficulties of the defaulted customers.

An analysis of ECL against contract assets and trade and bills receivables at 31 December 2025 is set out below:

	At 31 December 2025			Subsequent settlements up to 20 March 2026 RMB'000	ECL rate on gross amount %
	Gross amount RMB'000	ECL provision RMB'000	Net carrying amount RMB'000		
<b>Contract assets</b>	<b>76,700</b>	<b>5,506</b>	<b>71,194</b>	<b>6,507</b>	<b>7.18</b>
<b>Trade and bills receivables</b>					
<b>Not yet due or current</b>	<b>54,507</b>	<b>2,196</b>	<b>52,311</b>	<b>18,332</b>	<b>4.03</b>
<b>Past due:</b>					
Within 1 month	5,453	393	5,060	514	7.20
1–3 months	9,313	925	8,388	3,450	9.93
3–6 months	10,850	1,456	9,394	1,419	13.42
6–9 months	39,825	5,731	34,094	28,015	14.39
9–12 months	12,975	4,241	8,734	6,194	32.69
1–2 years	27,412	14,177	13,235	3,062	51.72
Over 2 years	37,583	30,593	6,990	8,685	81.40
Subtotal – Trade and bills receivables	<b>197,918</b>	<b>59,712</b>	<b>138,206</b>	<b>69,671</b>	<b>30.17</b>
<b>Total</b>	<b>274,618</b>	<b>65,218</b>	<b>209,400</b>	<b>76,178</b>	<b>23.75</b>

The matrix analysis of the Group's actual historic bad debt rates on the contract assets and trade and bills receivables at each of the reporting period ends of 2014 to 2024 (as updated for subsequent changes in estimates) and the expected rates for lifetime ECLs on contracts assets and trade and bills receivables at 31 December 2025 are as follows:

	Historical bad debt rates										Average historical bad debt rates	Estimated bad debt rates for lifetime ECL	
	at 31 December										at 31 December	at 31 December	
	2014	2015	2016	2017	2018	2019	2020*	2021*	2022*	2023*	2014 to 2023	2024**	2025
<b>Contract assets</b>	0.00%	0.00%	0.18%	1.43%	1.65%	2.13%	2.36%	4.24%	3.47%	5.23%	2.07%	9.66%	7.18%
<b>Trade and bills receivables</b>													
Not yet due or current	0.83%	1.12%	0.22%	1.20%	2.77%	4.17%	1.34%	5.25%	3.87%	11.16%	3.19%	1.01%	4.03%
Past due:													
Within 1 month	0.00%	1.27%	3.83%	3.02%	5.42%	8.87%	6.21%	12.96%	10.21%	3.53%	5.53%	5.64%	7.20%
1 to 3 months	0.00%	3.66%	4.49%	4.14%	6.20%	25.95%	5.73%	6.34%	3.93%	6.61%	6.71%	9.01%	9.93%
3 to 6 months	0.00%	0.85%	7.91%	3.69%	6.07%	12.74%	6.71%	3.18%	4.53%	5.97%	5.16%	6.16%	13.42%
6 to 9 months	0.00%	0.07%	7.68%	8.03%	9.26%	7.86%	15.05%	6.15%	24.64%	7.16%	8.59%	11.57%	14.39%
9 to 12 months	2.30%	1.44%	5.09%	7.60%	10.02%	13.69%	15.90%	22.61%	17.06%	27.33%	12.30%	11.53%	32.69%
1-2 years	25.62%	1.80%	4.79%	33.36%	16.46%	25.73%	23.23%	40.15%	29.89%	65.49%	26.65%	33.51%	51.72%
Over 2 years	8.07%	35.66%	31.41%	36.99%	25.53%	63.23%	35.93%	35.14%	42.66%	44.63%	35.93%	55.31%	81.40%
<b>Overall – Trade and bills receivables</b>	3.60%	6.38%	9.32%	6.12%	7.32%	10.69%	12.73%	11.82%	13.84%	18.61%	10.04%	12.15%	30.17%

\* ECL rates for 2020 to 2023 were updated for subsequent changes in estimates.

\*\* ECL rate for 2024 was updated for subsequent changes in estimates, excluding the addition institution of legal proceedings against the customers during 2025.

A lower estimated lifetime ECL rate on contract assets at 31 December 2025 at 7.18% (2024: 9.66%) was applied, after taking into account of several customers individually identified with significant financial difficulties at 31 December 2025.

In the opinion of the directors of the Company, the bad debt rates applied for the measurement of the lifetime ECLs of the Group's contract assets and trade and bill receivables at 31 December 2025 and 2024 are reasonable and adequate.

## Capital Structure

The Shares were successfully listed on the Main Board of the Stock Exchange in January 2020. There has been no changes in the capital structure of the Group since then. The Group funds its business and working capital requirements by using a balanced mix of internal resources, bank borrowings and the net proceeds from the Global Offering. The funding mix will be adjusted depending on the costs of funding and the actual needs of the Group.

## Liquidity and Financial Resources

As at 31 December 2025, the Group held total assets of approximately RMB464.6 million (31 December 2024: approximately RMB492.3 million), including cash and cash equivalents of approximately RMB53.9 million (31 December 2024: approximately RMB46.8 million). The Group's cash and cash equivalents were mainly denominated in RMB (31 December 2024: RMB).

As at 31 December 2025, the Group had total liabilities of approximately RMB135.8 million (31 December 2024: approximately RMB167.3 million) which mainly comprised of bank borrowings amounting to RMB65.0 million (31 December 2024: approximately RMB91.0 million). The Group's bank borrowings were denominated in RMB and bore interest at the rates ranging from 2.35% to 3.01% (31 December 2024: 2.80% to 3.45%).

As at 31 December 2025, the debt-to-equity ratio, expressed as a percentage of total loans and borrowings and lease liabilities net of cash and cash equivalents and restricted bank deposits over total equity, was about 1.9% (31 December 2024: 11.7%). This substantial reduction was mainly resulted from the repayment of bank borrowings during the year ended 31 December 2025.

As at 31 December 2025, the Group had available and unused bank facilities of approximately RMB74.0 million (31 December 2024: approximately RMB28.0 million).

The gearing ratio, which is calculated by total borrowings and lease liabilities divided by total equity, was approximately 19.8% and 28.0% as at 31 December 2025 and 31 December 2024 respectively.

## Contingent Liabilities

As at 31 December 2025, the Group had no material contingent liabilities (31 December 2024: Nil).

## Capital Commitments

As at 31 December 2025, the Group had capital commitments amounting to approximately RMB11.9 million in respect of property, plant and equipment which was contracted but not provided for (31 December 2024: approximately RMB19.3 million).

## Exposure to Fluctuation in Exchange Rate

The majority of the Group's business and all bank borrowings are denominated and accounted for in RMB. The Group, therefore, does not have significant exposure to foreign exchange fluctuation.

The Board does not expect the fluctuation of RMB exchange rate and other foreign exchange fluctuation will have material impact on the business operations or financial results of the Group. The Group does not have a hedging policy and it did not commit to any financial instruments to hedge its exposure to foreign currency risk during the year ended 31 December 2025. However, the Group will closely monitor the foreign exchange market and take appropriate and effective measures from time to time to reduce any negative impact from exchange-rate risk to the furthest extent including establishment of a hedging policy.

## Charges on Group Assets

As at 31 December 2025, the Group had the following charges on its assets:

- (a) There was no outstanding secured bank borrowings as at 31 December 2025 (31 December 2024: approximately RMB42.0 million). However, the available facilities were secured by the following assets:
  - (i) land use rights with a carrying value of approximately RMB7.2 million as at 31 December 2025 (31 December 2024: approximately RMB7.3 million);
  - (ii) leasehold buildings with a carrying value of approximately RMB4.7 million as at 31 December 2025 (31 December 2024: approximately RMB5.4 million).
- (b) Restricted bank deposit of approximately RMB5.0 million (31 December 2024: approximately RMB6.0 million) was pledged as security for issuing commercial bills to suppliers.

## Employees and Remuneration Policies

As at 31 December 2025, the Group had 186 employees (31 December 2024: 212). The total staff costs including directors' remuneration for the year were approximately RMB19.8 million (2024: approximately RMB19.5 million). Remuneration is determined based on each employee's qualifications, position and seniority. In addition to a basic salary, year-end discretionary bonuses are offered with reference to our Group's performance as well as individual's performance to attract and retain appropriate and suitable personnel to serve the Group. Furthermore, the Group offers other staff benefits like provision of retirement benefits, various types of trainings and sponsorship of training courses. The Group also adopts an annual appraisal system to assess the performance of staff, which forms the basis of decisions with respect to salary rises and promotions.

## Significant Investment, Acquisition and Disposal

There were no significant investments held, acquisitions or disposals of subsidiaries and affiliated companies by the Group during the year ended 31 December 2025.

The Group did not have other plans for significant investments held, acquisitions or disposals of subsidiaries and affiliated companies by the Group as at 31 December 2025.

## Capital Expenditure

For the year ended 31 December 2025, the Group spent approximately RMB12.1 million (2024: approximately RMB11.3 million) on capital expenditure, which was primarily related to the construction in progress and acquisition of plant and machinery.

## Cash Flows

The Group reported net cash inflow from operating activities of approximately RMB44.9 million for the year ended 31 December 2025 as compared to that of approximately RMB24.1 million for the year ended 31 December 2024. The increment in net cash inflow from operating activities was primarily resulted from the cash inflow of approximately RMB34.3 million generated from the reduction of contract assets and trade and bills and other receivables during the year ended 31 December 2025.

Net cash used in investing activities amounted to approximately RMB9.5 million for the year ended 31 December 2025 as compared to that of approximately RMB16.2 million for the year ended 31 December 2024. The reduction of net cash used in investing activities was mainly attributable to the decrease of approximately RMB4.5 million in relation to the payment for the acquisition of property, plant and equipment during the year ended 31 December 2025.

Net cash used in financing activities amounted to approximately RMB28.3 million for the year ended 31 December 2025 as compared to that of approximately RMB2.9 million for the year ended 31 December 2024. The substantial increase in net cash used in financing activities was mainly attributable to the net repayment of bank borrowings in the amount of RMB26 million during the year ended 31 December 2025.

## Event After the Reporting Period

There was no significant event subsequent to 31 December 2025 and up to the date of this annual report.

## Dividend

The Directors do not recommend the payment of any dividend for the year ended 31 December 2025 (2024: Nil).

## Executive Directors

**Mr. Shen Min (沈敏) (“Mr. Shen”)**, whose former name was Shen Xiaodu (沈筱度), aged 67, is the founder of the Group, the chairman of the Board and an executive Director. He joined the Group since April 1991. He is a director and legal representative of a number of subsidiaries of the Group. Mr. Shen was appointed as a Director on 7 July 2017 and was re-designated as an executive Director and the chairman of the Board on 19 June 2019. He is responsible for the overall strategic planning and corporate policies as well as overseeing the operations of the Group. Mr. Shen brings to the Group more than 30 years of experience in the access flooring manufacturing industry.

Mr. Shen established 武進縣崔橋計算機配件廠 (Wujin District Cui Qiao Parts Factory\*) in April 1991 (which was subsequently renamed as 常州市佳辰機房設備廠 (Changzhou Jiachen Machinery Plant Factory\*) in September 1994 and changed its name to Jiachen Machinery Plant in December 2004) and was responsible for its overall development. It was subsequently converted to a joint-stock co-operative enterprise in July 1997 and to a limited company in December 2004. In September 2009, he established 佳辰地板常州有限公司 (JiaChen Floor Changzhou Co., Ltd.\*) (“**JiaChen Floor**”), the principal operating subsidiary of the Group. Mr. Shen studied business administration in 中國管理軟件學院 (China Management Software Institute\*) from September 2006 to July 2010 and obtained a graduation diploma in July 2010.

Mr. Shen is the spouse of Ms. Zhang Yaying, the father of Mr. Shen Minghui, the father-in-law of Ms. Liu Hui.

**Mr. Shen Minghui (沈明暉) (“Mr. Shen MH”)**, aged 41, is an executive Director. Mr. Shen MH joined the Group since May 2003. He was appointed as a Director on 7 July 2017 and was redesignated as an executive Director on 19 June 2019. He is responsible for overseeing the general matters of the Group. He has been the deputy general manager of JiaChen Floor since September 2009. He is the supervisor of 常州市金台商務信息諮詢有限公司 (Changzhou Jintai Business Information Consulting Co., Ltd.\*) and 常州市金港商務信息諮詢有限公司 (Changzhou Jingang Business Information Consulting Co., Ltd.\*), indirect wholly-owned subsidiaries of the Group and a director of a number of subsidiaries of Group. Mr. Shen MH was a deputy general manager of Jiachen Machinery Plant from May 2003 to August 2009 and was responsible for supervising the manufacturing and production of the products. Mr. Shen MH attended 西南大學 (Xinan University\*) to study marketing from March 2013 to July 2015 and obtained a graduation diploma in July 2015.

Mr. Shen MH is the spouse of Ms. Liu Hui, the son of Mr. Shen and Ms. Zhang Yaying.

**Ms. Liu Hui (劉會) (“Ms. Liu”)**, aged 41, joined the Group as a procurement manager of JiaChen Floor from September 2009 to February 2020. She was appointed as the deputy general manager of JiaChen Floor in March 2020 and promoted as an executive Director with effect from 2 July 2020. She was further appointed as the chief executive officer of the Group on 25 October 2023 and is a member of the nomination and remuneration committees. Ms. Liu is responsible for overseeing the management, procurement and oversea sales of the Group. She studied e-commerce in 常州市職工大學 (Changzhou Occupational University\*) from September 2002 to July 2005 and obtained a graduation diploma in July 2005.

Ms. Liu is the spouse of Mr. Shen MH, the daughter-in-law of Mr. Shen and Ms. Zhang Yaying.

\* For identification purpose only

**Mr. Zhu Wen (朱文) (“Mr. Zhu”)**, aged 39, was appointed as an executive Director on 17 October 2025. Mr. Zhu has 15 years of experience in finance. From September 2010 to January 2017, he was in charge of the financial department of 江蘇順風光電科技有限公司 (Jiangsu Shunfeng Photovoltaic Electronic Power Co., Ltd\*), an indirect wholly owned subsidiary of Shunfeng International Clean Energy Limited, a company listed on the Main Board of The Stock Exchange (Stock Code: 1165) and was responsible for cost analysis and control and assisted the management team for pricing strategy. Since February 2017, Mr. Zhu served as a deputy general manager of operation in JiaChen Floor where he was responsible for the management in comprehensive operation in order to enhance internal operational efficiency. Mr. Zhu obtained a bachelor’s degree in management with a major in accounting from Nanjing Tech University in June 2009.

## Independent Non-executive Directors

**Mr. Xie Xing (謝星) (“Mr. Xie”)**, aged 45, joined the Board as an independent non-executive Director in September 2021. He is the chairman of the audit committee and a member of the nomination committee. He has over 20 years of experience in accounting, corporate finance, compliance and auditing. He started his career at KPMG in 2006 and then worked for various companies in different industries in Hong Kong. Mr. Xie was the chief financial officer and company secretary of Hanvey Group Holdings Limited (stock code: 8219), a company listed on GEM of the Stock Exchange, from May 2017 to July 2022. He also served as the chief financial officer and a responsible officer at Zeta Capital (H.K.) Limited from January 2023 to July 2025.

Mr. Xie obtained a Bachelor of Science degree with honour in Applied Physics from the Hong Kong Baptist University in 2003, a Master degree of Philosophy in Physics from The Hong Kong University of Science and Technology in 2005 and a Master degree of Economics from The University of Hong Kong in 2019. He has been a member of the Hong Kong Institute of Certified Public Accountants since May 2011.

**Mr. Wang Li (王立) (“Mr. Wang”)**, aged 39, joined the Board as an independent non-executive Director in November 2021. He is the chairman of the nomination committee, a member of the audit and the remuneration committees. He is a practising lawyer in the PRC since 2012. He worked in 北京市惠誠(常州)律師事務所 (Beijing Huicheng Law Firm\*) from 2009 to 2015. He became a partner of 江蘇品川律師事務所 (Pinchuan Law Firm\*) since 2015. He also obtained the qualification to act as independent non-executive director accredited by Shanghai Stock Exchange since 2016.

Mr. Wang obtained a Bachelor of Law degree from Soochow University in 2009. He is a member of 中華全國律師協會 (All China Lawyers Association) since 2012.

**Ms. Long Mei (龍梅) (“Ms. Long”)**, aged 53, joined the Board as an independent non-executive Director in November 2021. She is the chairman of the remuneration committee and a member of the audit committee. She is a non-practising certified public accountant in the PRC and a member of 中國註冊會計師協會 (The Chinese Institute of Certified Public Accountants) since 1995. Ms. Long was an independent non-executive director of Yunhong Guixin Group Holdings Limited (stock code: 8349), a company listed on GEM of the Stock Exchange, from November 2024 to December 2025.

Ms. Long obtained a Bachelor of Finance and Accounting degree from 華南農業大學 (South China Agricultural University\*) in 2009 and the medium-grade professional title of accountant in 1993. She worked for a large accountancy firm with qualifications in securities and has over 30 years of experience in accounting, corporate finance, compliance and auditing.

Save as disclosed, none of the above Directors held any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

\* For identification purpose only

## Senior Management

**Mr. Li Wen Tao (李文韜) (“Mr. Li”)**, aged 43 joined the Group in June 2019 as the company secretary. Mr. Li is an associate of Institute of the Chartered Accountants in England and Wales since February 2013 and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants since May 2011. He was further admitted as a fellow of the Hong Kong Institute of Certified Public Accountants and Institute of the Chartered Accountants in England and Wales in July 2018 and November 2024, respectively.

Mr. Li obtained his Bachelor of Business Administration (Major in Accountancy) from Hong Kong Lingnan University in November 2004. He established NOVA CPA & Company in 2013 and accumulated extensive experience in auditing, accounting, financial management and corporate governance over a period of 20 years. Mr. Li was the chief financial officer of Modern Chinese Medicine Group Co., Ltd. (stock code: 1643), a company listed on Main Board of the Stock Exchange, from January 2020 to April 2023.

**Ms. Zhang Yaying (章亞英) (“Ms. Zhang”)**, aged 62, has been the deputy general manager of Jiachen Floor since September 2009 and is responsible for overseeing the raw material purchasing. She was also the deputy general manager of Jiachen Machinery Plant since September 1991 and was responsible for raw material purchasing until December 2016. Ms. Zhang was appointed as a Director on 7 July 2017 and was re-designated as an executive Director on 19 June 2019. She subsequently resigned as an executive Director with effect from 2 July 2020 due to her desire to focus on the daily operations of the Group.

Ms. Zhang brings to the Group more than 30 years of experience in the access flooring manufacturing industry. Ms. Zhang studied business administration in 中國管理軟件學院 (China Management Software Institute\*) from September 2008 to July 2012 and obtained a graduation diploma in July 2012.

Ms. Zhang is the spouse of Mr. Shen, the mother of Mr. Shen MH, the mother-in-law of Ms. Liu.

## About this Report

JiaChen Holding Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**We**”) is pleased to present this Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”) for the year ended 31 December 2025.

## Reporting Standard

This Report has been prepared in strict compliance with the Environmental, Social and Governance Reporting Guide (the “**ESG Guide**”) set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Notably, this Report fully complies with the latest climate-related disclosure requirements (Part D) effective from 1 January 2025, and refers to the relevant framework of IFRS S2 Climate-related Disclosures, detailing the impact of climate change on the Group and the response measures from four dimensions: governance, strategy, risk management, and metrics and targets.

## Reporting Principles

The Group has applied the principles of “Materiality”, “Quantitative”, “Balance” and “Consistency” in accordance with the ESG Guide in the preparation of this Report. Details of application of these reporting principals are illustrated below:

- **Materiality**  
Important and relevant information to stakeholders on different ESG aspects is covered in the Report. A materiality assessment was conducted to determine material ESG issues with results approved by the Board.
- **Quantitative**  
The relevant standards, methodologies and assumptions used to prepare the quantitative information is disclosed, as appropriate. Quantitative information is provided with narrative and comparative figures, where possible.
- **Consistency**  
Consistent methodologies are used to prepare and present ESG data in the Report, unless otherwise specified, to allow for meaningful comparisons.
- **Balance**  
The information is presented without the inappropriate use of selections, omissions or other forms of manipulation that would influence a decision or judgment by the reader.

## Governance Structure

The Board of Directors bears full responsibility for the Group’s ESG strategy and reporting. The Board is responsible for assessing and determining the Group’s ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Our management has been entrusted with the responsibility of coordinating the implementation of the Group’s environmental, employment, and service quality assurance policies.

The Board of Directors leads and guides the management by formulating ESG policies and measures, overseeing their implementation, and monitoring ESG performance. The Board continuously explores opportunities to further enhance the Group’s ESG governance. The Board regularly reviews ESG matters, including environmental protection, employment and labor practices, operational practices, and community investment, and implements appropriate measures to strengthen the Group’s ESG performance.

## Stakeholders' Feedback and Materiality Assessment

### Stakeholders' Feedback

We value our stakeholders and their feedback on our business as well as our ESG aspects. In order to enhance the Group's sustainable development approach and performance, we are committed to maintaining close communication with stakeholders, including but not limited to government and regulatory authorities, shareholders, employees, customers, suppliers, and the general public. We take into account the expectations of stakeholders when formulating our business and ESG strategies, and we utilize diverse engagement methods and communication channels, as described below:

Stakeholders	Expectation and Concerns	Communication Channels
Government/Regulatory Authorisation	<ul style="list-style-type: none"> <li>Compliance with local laws and regulation</li> <li>Fulfilment of tax obligations</li> </ul>	<ul style="list-style-type: none"> <li>Announcement and other regulatory reports</li> </ul>
Shareholders/investors	<ul style="list-style-type: none"> <li>Return on investments</li> <li>Corporate governance</li> <li>Sustainable development</li> <li>Compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Information disclosed on the HKEX website and corporate website</li> <li>Annual general meeting and other shareholders' meetings</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Employees' compensation and benefits</li> <li>Career development</li> <li>Occupational safety and health</li> </ul>	<ul style="list-style-type: none"> <li>Employee performance evaluation</li> <li>On-the-job training</li> <li>Internal e-mail</li> <li>Regular meetings</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Fulfilment of promises</li> <li>Credit worthiness</li> </ul>	<ul style="list-style-type: none"> <li>Supplier selection assessment</li> <li>Suppliers' performance assessment</li> <li>Supplier meetings</li> <li>Site visits</li> </ul>
Customers	<ul style="list-style-type: none"> <li>High-quality products and services</li> <li>Protection of customer rights and personal data</li> </ul>	<ul style="list-style-type: none"> <li>Corporate website</li> <li>Emails and phone communications</li> </ul>
Community/Public	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Involvement in communities</li> <li>Environmental protection awareness</li> </ul>	<ul style="list-style-type: none"> <li>Industry events</li> <li>Corporate social responsibility activities</li> </ul>

## Materiality Assessment

Materiality assessment was conducted in accordance with the expectation and feedback from the key stakeholders. We use the following process to identify, prioritise and manage material ESG-related issues:

### Step 1: Identify the ESG-related issues

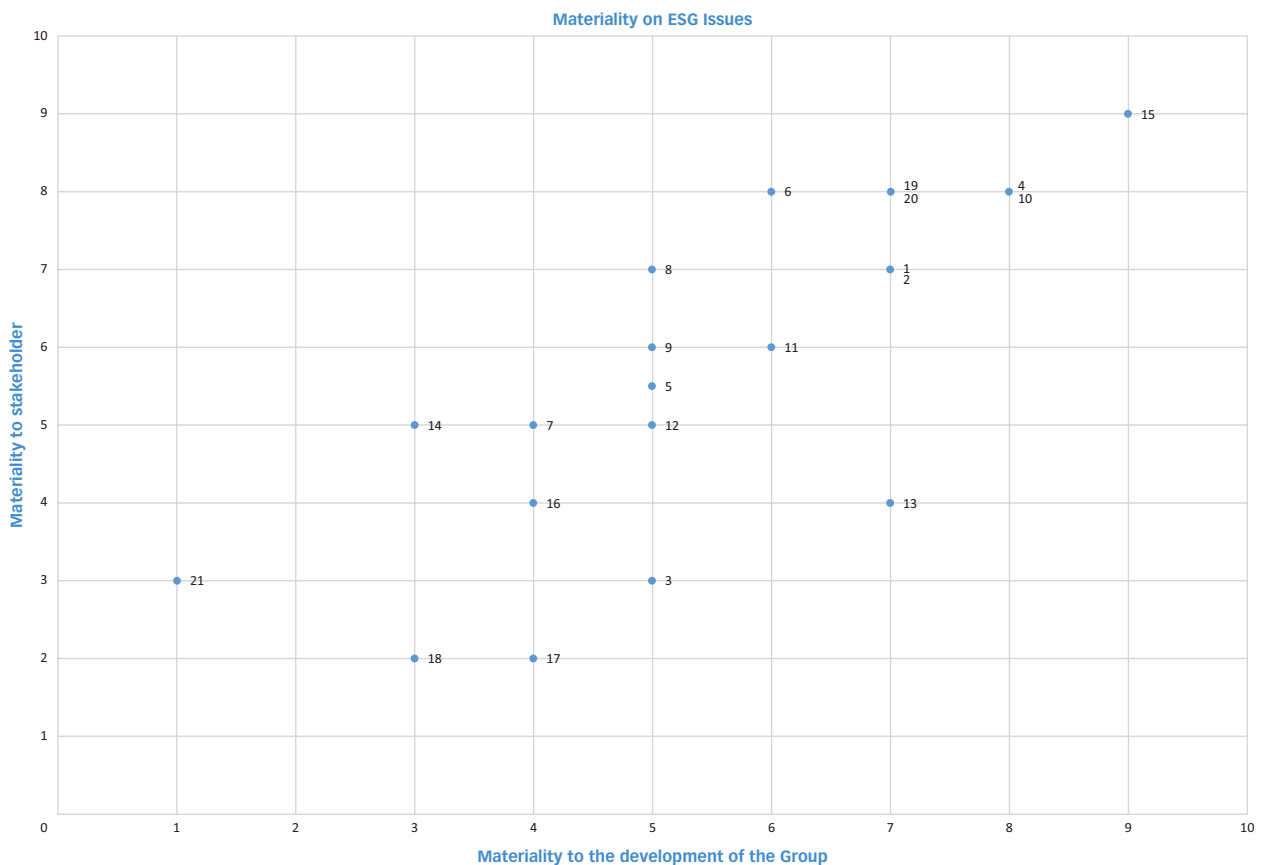
- Taking into account the requirements of the “Environmental, Social and Governance Reporting Guidelines” and the latest sustainability trends in the industry to identify relevant material issues. 21 environmental, social and governance issues were identified in relation to the most important aspects of the Group’s business and stakeholders.

### Step 2: Materiality issues assessment

- In order to determine the materiality of environmental, social and governance issues, the views of the Group’s senior management and key stakeholders have been solicited. Based on their views, the relevance/materiality of each environmental, social and governance issue is assessed and scored on a scale of 0 to 10 (0 is irrelevant, 10 is critical).

### Step 3: Prioritise the ESG-related issues

- Based on the materiality assessment results, the Group prioritized issues from two aspects, namely “materiality to stakeholders” and “materiality to the development of the Group”, and compiled the following materiality matrix. Environmental, social and governance issues in the upper right quadrant are the most important.



Aspects	Major concerns
Environment	1 Air emission
	2 Greenhouse gas emission
	3 Wastes production
	4 Natural resources consumption
	5 Use of packaging materials
	6 Impact to the environment
	7 Climate change
Employment	8 Labour practices
	9 Employee remuneration and benefits
	10 Occupational safety and health
	11 Employee development and training
Supply Chain Management	12 Green procurement
	13 Engagement with suppliers
	14 Environmental and social risk management of supply chain
Product Responsibility	15 Product/service quality and safety
	16 Customer privacy and data security
	17 Marketing and promotion
	18 Intellectual property rights
Anti-corruption	19 Business ethics & anti-corruption
	20 Internal grievance mechanism
Community	21 Participation in philanthropy

## Climate-Related Disclosures

In response to the latest climate-related disclosure requirements (Part D) of the Stock Exchange effective from 1 January 2025, the Group has comprehensively upgraded its climate change management system. The Group's Sustainability Committee is responsible for assessing material ESG risks, with a particular focus on climate risks. The following disclosures are made in accordance with the four pillars of governance, strategy, risk management, and metrics and targets.

### Governance

The Board of Directors enhances the contribution to address climate change-related issues by making final decisions on strategies and policies to mitigate climate change-related risks through regular meetings. The Sustainability Committee is composed of high-level individuals from various business units, together with the Office of Sustainability, and is mandated to assess significant environmental, social and governance risks, with a particular focus on climate risks. This collaborative team is also responsible for setting goals and plans for climate action and assessing progress towards these goals, as directed by the Board.

The Board also seeks the professional advice of external experts when necessary to provide better support for relevant decisions.

## Strategy

The Group has identified climate-related risks and opportunities that may affect its business operations, financial position and cash flows in the short, medium or long term. The Group defines short-term as 1 to 3 years, medium-term as 3 to 5 years, and long-term as 5 to 10 years.

The main climate-related risks and opportunities faced by the Group are as follows:

Types of climate change risks	Influencing factors	Business may be affected	Periods	Strategies
Physical risk	Heat wave	Due to the prolonged hot weather and the consequent heavy use of ventilation, cooling, and air-conditioning equipment in the Group's production and operations, electricity consumption has increased significantly and is expected to maintain an upward trend, resulting in continued increases in operating costs.	Long Term	We carefully monitor the energy consumption of air conditioning and other refrigeration systems, procure equipment with the highest energy efficiency standards, and actively promote the principles of green office.
Transition risk	Increase the price of greenhouse gas emissions	The Group is not one of the first controlled industries to be included in the Chinese carbon market, but it is considered that the scope of the carbon market may be further expanded in the medium and long term. If the Group emits greenhouse gases exceeding the limit, it will have to pay additional operating costs	Long Term	We have started to set our Group's greenhouse gas emission management targets in response to China's "3060 target" requirements in the long term.
	Stakeholder Concerns	More and more investors are adopting environmental, social and governance investment principles such as responsible investment principles, and are highly concerned about corporate climate change actions. If the Group fails to actively carry out the decarbonization transition, investors may underestimate the value of the enterprise	Medium and Long Term	We have been vigorously promoting energy-saving transformation and strictly controlling the group's energy consumption and greenhouse gas emissions. We have started to formulate greenhouse gas emission reduction strategies and targets, and will implement a series of decarbonization actions.
Resource Efficiency	Advancement of energy-saving technologies and green building energy efficiency standards	<ul style="list-style-type: none"> <li>• Upgrade equipment and optimize processes to reduce unit energy consumption and costs;</li> <li>• Raised floor products improve airflow, reducing HVAC energy consumption;</li> <li>• Increase recycling rates of steel and aluminum to reduce procurement costs.</li> </ul>	Short to Medium Term	<ul style="list-style-type: none"> <li>• Develop high-ventilation raised floors to help clients meet LEED and BREEAM standards;</li> <li>• Establish waste recycling mechanisms to improve material reuse rates;</li> <li>• Optimize production scheduling and logistics to reduce transport emissions.</li> <li>• Promote energy-saving retrofits at Changzhou base with high-efficiency motors and LED lighting;</li> </ul>

Types of climate change risks	Influencing factors	Business may be affected	Periods	Strategies
Energy Source	Declining renewable energy costs and "Dual Carbon" policy	<ul style="list-style-type: none"> <li>Clean energy transition brings cost savings and emission reduction opportunities;</li> <li>Distributed PV can meet partial production power needs, reducing electricity costs;</li> <li>Mitigate future carbon tax or pricing risks.</li> </ul>	Medium to Long Term	<ul style="list-style-type: none"> <li>Plan rooftop distributed PV systems (BAPV) at Changzhou base;</li> <li>Gradually increase green power procurement and explore Power Purchase Agreements (PPA);</li> <li>Explore waste heat recovery solutions in production;</li> <li>Monitor carbon trading market and participate when appropriate.</li> </ul>
Products and Services	Expanding global green building market and growing demand for low-carbon materials	<ul style="list-style-type: none"> <li>Surging demand for certified eco-building materials creates growth for low-carbon raised floors;</li> <li>BIPV trend provides new directions for product line expansion;</li> <li>Lifecycle management services can generate recurring revenue.</li> </ul>	Short to Long Term	<ul style="list-style-type: none"> <li>Develop low-carbon raised floors using eco-materials;</li> <li>Promote green certification and carbon footprint accounting, establish EPD system;</li> <li>Provide full lifecycle management services (installation, maintenance, recycling).</li> </ul>
Markets	Digital transformation driving data center construction and green finance development	<ul style="list-style-type: none"> <li>Surging data center demand brings massive incremental market for raised floors;</li> <li>Stricter green building mandates worldwide create new market access opportunities;</li> <li>Green finance instruments provide lower-cost funding channels.</li> </ul>	Short to Medium Term	<ul style="list-style-type: none"> <li>Provide customized high-load energy-saving floor solutions for data centres and AI computing centres;</li> <li>Expand into emerging data centre markets in Southeast Asia and the Middle East;</li> <li>Explore green bond issuance or Sustainability-Linked Loans (SLL);</li> <li>Strengthen co-operation with green building certification bodies for international recognition.</li> </ul>
Resilience	Frequent extreme weather driving demand for supply chain resilience and product adaptability	<ul style="list-style-type: none"> <li>Need to build more resilient supply chains to cope with climate uncertainties;</li> <li>Different climate zones require differentiated weather-resistant products;</li> <li>Climate resilience can become a competitive advantage.</li> </ul>	Medium to Long Term	<ul style="list-style-type: none"> <li>Establish diversified raw material supply system to reduce single-source risks;</li> <li>Develop specialized raised floors for extreme climates (high temperature, high humidity);</li> <li>Develop and regularly drill Business Continuity Plans (BCP);</li> <li>Invest in digital management systems to improve supply chain visibility and responsiveness.</li> </ul>

The Group has currently conducted a preliminary assessment of the climate-related impacts on its business model, value chain, financial position and financial performance. Given the Group's business scale and industry characteristics, the impact of climate-related risks on the current financial position is still limited, but the Group will continue to monitor and provide more detailed quantitative analysis in future reports.

The Group has not yet formulated a formal climate-related transition plan, but has incorporated climate factors into its overall business strategy and actively promoted energy-saving and emission-reduction measures. The Group plans to gradually conduct climate scenario analysis in the future to more comprehensively assess climate resilience.

## Risk Management

We incorporate climate-related risks into our regular risk management processes, with the Sustainability Committee working with the risk management team to identify the possible impact of climate-related issues on our operations.

We will identify physical and transformational risks that may affect the Group's business operations through industry-level risk reviews and management dialogues across different departments. We also plan to communicate with directors and senior management to gain further insights into climate-related risks.

We have established the Group's greenhouse gas emission control targets and action plans, and are actively developing photovoltaic products and solutions.

## Metrics and Targets

The Group measures greenhouse gas emissions in accordance with the Greenhouse Gas Protocol. For specific emission data of Scope 1 and Scope 2, please refer to the "Emissions" section of this Report. The Group currently does not measure Scope 3 greenhouse gas emissions, as Scope 3 involves significant additional costs and we have not reached a consensus with our customers and suppliers, but plans to gradually include Scope 3 in the disclosure scope in the future.

The Group has formulated greenhouse gas emission control targets, committing to reducing the greenhouse gas emission intensity of Scope 1 and Scope 2 by 10% over the next five years (using 2023 as the baseline). The Group currently does not apply internal carbon pricing in decision-making, nor has it incorporated climate-related considerations into its remuneration policy. The Group has not yet included the disclosure of industry metrics, but will gradually improve this in future reports.

The main sources of the Group's greenhouse gas emissions are direct emissions from mobile combustion sources ("**Scope 1**") and indirect emissions from purchased electricity ("**Scope 2**").

Greenhouse gas emissions	Unit	2023	2024	2025
Scope 1 – petrol consumption	Tonne	2,140	3,511	<b>2,337</b>
Scope 2 – electricity consumption	Tonne	2,772	3,247	<b>2,027</b>
Total emissions	Tonne	4,912	6,758	<b>4,364</b>
Emission intensity	Tons of carbon dioxide emissions per plant area	0.12	0.12	<b>0.12</b>

*Note:* Currently, the Group has not factored climate-related considerations into its remuneration policy, nor has it applied internal carbon pricing in decision-making. We will continue to evaluate the applicability of these mechanisms in the future.

The Group has implemented the following policies to mitigate the adverse impacts of carbon dioxide emissions:

- Conduct maintenance inspections of the waste gas management system and the sewage management system every week.
- Turn off air conditioners, office equipment and lighting when not in use.
- Maintain the indoor temperature of the office at 26°C.
- Carry out repairs as soon as possible when water leaks are found in faucets or water pipes. and
- Use double-sided printing and reuse the paper printed on one side.

## Environmental

### Environmental Targets

The Group is committed to conserving resources in its business activities, including the use of energy, water and paper. We aim to reduce the use of resources and the consequential carbon footprint through the adoption of various green initiatives.

### Environmental Protection Policies

Protecting the environment is one of the Group's key concerns. The Group is committed to meeting the requirements as stipulated in the applicable national/local environmental laws and regulations. Since the Group has taken into consideration of environmental sustainability in its business operations, the management of the Group will monitor its environmental performance regularly. The policies and measures for energy and waste management have been established and dedicated by the Group to achieve the emission targets as mentioned above.

### Reduction of Pollutant Emissions

#### Waste Gas Emissions

The Main Waste Gas Emissions Generated by The Group During The Production Process Include Exhaust Gases (Nitrogen dioxide, sulphur dioxide, and respirable suspended particulates) and solid wastes. We conduct maintenance inspections on the exhaust gas management system and sewage management system every week to ensure compliant emissions. We have invested in advanced exhaust gas treatment equipment, effectively reducing the emission concentration of harmful gases, and the data are as follows:

Air emissions	Unit	2023	2024	2025
Nitrogen oxides	kg	6.2	5.4	4.6
Sulphur oxides	kg	0.1	1.1	0.9
Respiratory suspended particles	kg	0.5	0.4	0.3

### Hazardous and Non-Hazardous Waste

The Group has conducted environmental impact assessments on its production facilities. The results show that the emissions of air pollutants, greenhouse gases, water, sewage and non-hazardous wastes comply with PRC regulations. The Group operates an emission permit management system, and the data are as follows:

	Unit	2023	2024	2025
non-hazardous waste	Ton	703	757	584
non-hazardous waste intensity	Tonne per million dollars of revenue	3.0	2.9	3.1
hazardous waste	Ton	15	14	9
hazardous waste intensity	Tonne per million dollars of revenue	0.06	0.05	0.05

### Use of Resources

#### Energy and Water Consumption

The resources used by the Group include water, electricity and raw materials. The main components of the materials used are water and electricity. The management has established the following policies for the efficient use of resources in the production process to reduce waste:

- Training and seminars on water conservation and energy conservation provided for all employees
- Implement flexible production schedules to determine the number of operating machines based on product quantities.
- Utilize energy-efficient LED lamps to maintain efficiency.
- Supervise non-production plants to ensure that lights, fans and air conditioners are turned off when not in use.
- Any additional water consumption would be reported and explained.
- Check water pipes regularly.

The consumption data for the year ended 31 December 2025 are as follows:

Resources utilisation	Unit	Consumption		Intensity (per million dollars of revenue)	
		2024	2025	2024	2025
Electricity	MWh	5,323	3,323	21	18
Unleaded petrol	L	8,870	7,290	34	38
Natural gas	m <sup>3</sup>	1,021,771	676,612	3,945	3,566
Water	m <sup>3</sup>	18,108	15,405	70	81

### Packaging Materials

The packaging materials used by the Group are mainly plastic packaging films and cardboard boxes, and the size is determined according to the requirements of different customers. Although the Group's products use packaging materials, the Group makes every effort to reduce resource waste.

The consumption data for the year ended 31 December 2025 are as follows:

Packaging materials	Unit	Consumption		Intensity (per million dollars of revenue)	
		2024	2025	2024	2025
Paper materials and cardboard boxes	kg	75,728	60,076	292	317
Wood	m <sup>3</sup>	922	680	4	4
Plastic materials	Ton	19	17	0.1	0.1

### Environmental and Natural Resources

To reduce environmental impact and use of natural resources, the management of the Group regularly evaluates policies, including energy saving measures, to create sustainable environmental value. The Group pursues best environmental practices. In addition to complying with relevant environmental laws and regulations and appropriate international natural environment protection standards, the Group integrates environmental protection and natural resource conservation concepts into its internal management and daily operations to achieve environmental sustainability.

## Social

### Employment

The employment contract stipulates the terms of compensation, dismissal, working hours, rest periods and other benefits for employees. The employee handbook also specifies important information on compensation policies, employee benefits, termination rights, business conduct and leave benefits policies.

We organize social activities such as annual dinners, team building and other activities to enhance the work-life balance and strengthen the relationship between employees. The Group also provides accommodation and meals for employees.

### Anti-Discrimination and Equal Opportunities

The Group is firmly committed to eliminating discrimination and providing equal opportunities to all, regardless of age, gender, race, disability or marital status, in order to enhance employee satisfaction. It seeks to diversify its workforce in terms of gender and age in order to create a balanced professional environment. In addition, the Group actively encourages diversity in its workforce and warmly welcomes people from all backgrounds, thus effectively putting the principle of fairness into practice.

For the year ended 31 December 2025, the Group had 186 employees with an employee turnover rate of approximately 16.7%.

	No. of staff	Employee turnover rate
<b>Gender</b>		
Male	122	21.3%
Female	64	7.8%
<b>Age Group</b>		
18–30	21	42.9%
31–40	43	16.3%
41–50	43	14.0%
51 or above	79	11.4%
<b>Employment type</b>		
Full-time	186	16.7%
Part-time	0	0.0%
<b>Geographical region</b>		
China	186	16.7%
Hong Kong	0	0.0%

The Group will continue to explore ways to reduce employee turnover rate, improve employee benefits and strengthen communication with employees. In addition, the Group welcomes people of any age who are keen to learn and actively participate.

### Health and Safety

The Group proactively works to reduce injury and occupational health risks by establishing relevant management systems and organizing security training for its employees.

The Group aims to ensure a safe occupational environment and manage health and safety risks in production facilities. The Group prominently displays warning signs, handling procedures, and preventive measures for potential health impacts. Necessary personal protective equipment, such as safety gloves, masks, and goggles, is provided during work. The Group regularly assesses safety measures. For the year ended 31 December 2025, there was no violation of health and safety regulations.

Protecting the occupational health and safety of employees is of utmost importance to the Group. In terms of occupational safety and health, the Group complies with the Labor Law of the People's Republic of China, the Work-Related Injury Insurance Regulations, and other applicable regulations to ensure a healthy and comfortable working environment.

Occupational health and safety statistics	2023	2024	2025
Number of lost days due to work injury	18	0	0
Number of work-related fatal accidents	0	0	0

### Development and Training

Training employees is a fundamental factor for business growth. The Group encourages continuous development of its staff and enhances their skills through training programs. We offer a variety of internal and external training opportunities, including orientation training for new employees and on-the-job training, to enable them to effectively integrate into the Group's operations and enhance the skills and knowledge required for their roles. In-service training is provided for workers, while specific management training is tailored for supervisors and senior management. Additionally, we conduct employee performance evaluations in conjunction with supervisors during regular annual assessments.

The details of employee training for the year ended 31 December 2025, are set out as follows:

	Percentage of Employees Receiving Training	Average Training Hours
<b>Gender</b>		
Male	68%	16
Female	67%	17
<b>Job position</b>		
Senior management	60%	22
Middle Management	78%	22
General staff and labour	67%	16

### **Labour Standards**

The Group is committed to upholding the labour rights of its employees and has established a complaint mechanism for employees to report any violations of labour laws. Management believes that the Group has complied with relevant labour standards for the year ended 31 December 2025. It is the Group's policy to prohibit the employment of individuals under the legal working age of 18. For the year ended 31 December 2025, there is no record of any labour disputes between the Company and its employees.

The Group has a policy to disqualify any individual from employment if they are found to have violated the provisions of the labour Contract Law. The Group strictly adheres to laws and regulations prohibiting child labour and forced labour, which primarily include the following:

- Labour Law.
- Labour Contract Law, and,
- Law on the Protection of Minors.

## **Responsible Operations**

### **Supply Chain Management**

Relying on strict supply chain management, our Group ensures high product quality and maintains our competitiveness in the market. We are also committed to ensuring that our suppliers provide adequate after-sales service, which is one of the prerequisites for our business relationships. The Group conducts annual assessments of our suppliers to ensure the maintenance of quality and to guarantee that the prices of the goods and services provided remain competitive. Furthermore, we require our suppliers to comply with relevant laws when supplying goods and services to our Group. Suppliers who do not meet our standards are subject to re-evaluation before any further business transactions can be conducted.

To enhance the sustainability of our supply chain and reduce carbon emissions, our Group sources raw materials locally. For the year ended 31 December 2025, we have 75 suppliers, with approximately 88% located in Jiangsu Province and the remaining 12% in neighbouring provinces and cities. This approach not only supports local businesses but also helps us minimize transportation-related carbon footprints, contributing to our commitment to environmental responsibility.

### **Product Responsibility**

The Group adopts policies including replacing defective products, inspecting materials before production, and immediately returning any defective materials to suppliers to ensure customer satisfaction and product quality.

### **Quality Management and Customer Satisfaction**

Production sampling inspection is carried out according to the national standard (GB/T2829) for sampling procedures. When the quality inspection results are not satisfactory, investigation and analysis are carried out. Before shipment, we will conduct a final quality inspection. We also provide customers with one to two years of quality assurance.

To ensure service quality, the Group has established a quality control department to meet customer requirements. The quality control department implements systems to prevent the provision of unauthorized services, supervision of installation services, and claims against installation service providers.

During the warranty period, we will arrange follow-up or repair services within 1 business day after receiving customer feedback or inquiries. To maintain and improve our customer service, we maintain a register of after-sales services.

For the year ended 31 December 2025, no product was returned due to safety or quality issues, and no customer complaint was received.

### ***Privacy Protection***

To protect consumer data and privacy, the sales department keeps customer information confidential, and only authorized personnel are granted access to this information. The Group collects information from suppliers and customers for various purposes and implements appropriate procedures to ensure that the collected information is only used for legitimate and relevant purposes. The Group's corporate policy outlines data privacy requirements, which stipulate that customer and supplier data shall only be used for matters related to the Group's operations. The Group strives to ensure that all collected data stored is protected against unauthorized or accidental access, processing, deletion, or other uses.

### ***Intellectual Property***

Intellectual property protection is a necessary condition for innovation-driven development. Our Group has established regulations for the registration and application of intellectual property rights to standardize the proper use of our company's design copyrights and trademarks, thereby avoiding situations where rights are infringed or violated due to untimely application for intellectual property protection. The Group also protects its intellectual property by continuously using and registering domain names and trademarks. Our domain names are constantly monitored and renewed before their expiration dates.

For the year ended 31 December 2025, the Group complied with laws and regulations that have a significant impact on the health and safety, labelling and privacy of products, including but not limited to the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and the Personal Information Protection Law of the People's Republic of China.

### ***Anti-Corruption***

The Anti-Corruption Policy has been developed to ensure that all personnel strictly adhere to the Group's "zero tolerance" policy on corruption, bribery and extortion that may occur in their daily work. Any form of bribery, forgery and misappropriation of materials, including intellectual property, extortion, fraud and money laundering are strictly prohibited. The Anti-Fraud Policy sets out the expectation for each employee to be vigilant and attentive to any potential fraudulent activity in the performance of their duties. In addition, the Employee Handbook provides appropriate codes of conduct on gifts, conflicts of interest and other matters to raise awareness of fraud risks among all personnel. Institutional training has been arranged with a focus on fostering integrity and providing guidance to directors and staff on identifying and dealing with fraud.

In addition, the Group is committed to enhancing compliance training. All Board members have participated in online webinars organized by the Hong Kong Independent Commission Against Corruption on topics related to corruption, fraud, conflicts of interest, cross-border bribery, backdoor listings and insider trading.

**Whistleblowing policies and procedures**

We encourage transparency and honesty and provide channels for reporting misconduct or bad behaviour. The whistleblower policy safeguards those who report such activity from potential influence. Employees are strongly encouraged to report suspicious activity to their immediate supervisor, senior management or audit committee in a timely manner, while remaining anonymous. The Company shall exercise caution in responding to reports of all suspected cases of fraud and conduct thorough investigations with the utmost confidentiality. Where necessary, corrective action and disciplinary action (including dismissal in a number of cases) shall be taken promptly. All suspicious transactions discovered during the investigation shall be promptly reported to the relevant authorities by the responsible party.

**Comply with laws and regulations**

For the year ended 31 December 2025, the Group complied with laws and regulations related to anti-corruption and money laundering, including but not limited to the following:

- The Criminal Code.
- The Anti-Unfair Competition Law; and
- The Company Law.

No judicial cases have been brought against the Group or its employees for corruption and have been concluded.

**Community Investment**

To continuously give back to society, our Group actively seeks opportunities to participate in various community programs. Our approach to community involvement is as follows:

- We fulfill our corporate social responsibility through sustainable development strategies, expanding our efforts in the field of charitable work.
- We assess how our business activities can benefit the community.
- We are committed to providing local people with employment opportunities and promoting the economic development of the community.

During the reporting period, the Group actively gave back to society and supported the charitable and public welfare undertakings of Wujin District, with a donation of RMB 30,000.

## Stock Exchange ESG INDEX

Indicators	Details	Corresponding Chapters
<b>A. Environment</b>		
<b>Aspect A1: Type of emissions</b>		
General Disclosure	Information on the policies and compliance with relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Environmental
A1.1	The types of emissions and respective emissions information	Reduction of Pollutant Emissions
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in tons and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Metrics and Targets
A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Reduction of Pollutant Emissions
A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Reduction of Pollutant Emissions
A1.5	Emissions target(s) set and steps taken to achieve them	Reduction of Pollutant Emissions
A1.6	How hazardous and non-hazardous wastes are handled, a description of reduction target(s) set and steps taken to achieve them	Reduction of Pollutant Emissions
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Use of Resources
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh) and intensity (e.g. per unit of production volume, per facility)	Use of Resources
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Use of Resources
A2.3	Energy use efficiency target(s) set and steps taken to achieve them	Use of Resources

Indicators	Details	Corresponding Chapters
A2.4	Whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Use of Resources
A2.5	Total packaging materials used for finished products (in tons) and, where appropriate, with reference to per unit produced	Use of Resources
<b>Aspect A3: Environment and Natural Resources</b>		
General Disclosure	Policies on minimizing the Company's significant impact on the environment and natural resources	Environmental and Natural Resources
A3.1	The significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environmental and Natural Resources
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Repealed 1 January 2025
A4.1	Significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Repealed 1 January 2025
<b>B. Social</b>		
<b>Aspect B1: Employment</b>		
General Disclosure	Information on: (a) the policies, and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Employment
B1.1	Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region	Employment
B1.2	Employee turnover rate by gender, age group and geographical region	Employment

Indicators	Details	Corresponding Chapters
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Health and Safety
B2.2	Lost days due to work injury	Health and Safety
B2.3	Occupational health and safety measures adopted, how they are implemented and monitored	Health and Safety
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employee's knowledge and skills for discharging duties at work. Description of training activities. <i>Note:</i> Training refers to vocational training. It may include internal and external courses paid by the employer.	Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Development and Training
B3.2	The average training hours completed per employee by gender and employee category	Development and Training
<b>Aspect B4: Labour Standard</b>		
General Disclosure	Information on: (a) The policies, and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Labour Standards
B4.1	Measures to review employment practices to avoid child and forced labour	Labour Standards
B4.2	Steps taken to eliminate such practices when discovered	Labour Standards

Indicators	Details	Corresponding Chapters
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Supply Chain Management
B5.1	Number of suppliers by geographical region	Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Product Responsibility
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Product Responsibility
B6.2	Number of products and services related complaints received and how they are dealt with	Product Responsibility
B6.3	Description of practices relating to observing and protecting intellectual property rights	Product Responsibility
B6.4	Description of quality assurance process and recall procedures	Product Responsibility
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Product Responsibility

Indicators	Details	Corresponding Chapters
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Anti-Corruption
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Anti-Corruption
B7.2	Preventive measures and whistle-blowing procedures, how they are implemented and monitored	Anti-Corruption
B7.3	Description of anti-corruption training provided to directors and staff	Anti-Corruption
<b>Aspect B8: Community investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities interests	Community Investment
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	Community Investment
B8.2	Resources contributed (e.g. money or time) to the focus area	Community Investment

## Part D: Climate-related Disclosures

Indicators	Details	Corresponding Section
<b>D. Climate-related Disclosures</b>		
<b>(I) Governance</b>		
19(a)	Description of the governance body or individual responsible for oversight of climate-related risks and opportunities, including skills and competencies, how and how often they are informed, factors considered, and oversight of target setting and progress.	Climate-Related Disclosures – Governance
19(b)	Description of management’s role in the governance process for climate-related risks and opportunities, including delegation and oversight, and monitoring measures and procedures.	Climate-Related Disclosures – Governance
<b>(II) Strategy</b>		
20	Description of climate-related risks and opportunities, including physical or transition risks, time horizons, and definitions of short, medium and long term.	Climate-Related Disclosures – Strategy
21	Description of the current and anticipated effects of climate-related risks and opportunities on the business model and value chain.	Climate-Related Disclosures – Strategy
22	Description of strategies and decision-making to address climate-related risks and opportunities, including business model changes, adaptation or mitigation efforts, transition plans, and resource allocation.	Climate-Related Disclosures – Strategy
22(a)(iii)	(Note: The Group has not yet formulated a climate-related transition plan.)	Climate-Related Disclosures – Strategy
Paragraphs 23–25	Progress of previous plans, current financial effects, and anticipated financial effects.	Climate-Related Disclosures – Strategy
26	Assessment of climate resilience, including scenario analysis.	Climate-Related Disclosures – Strategy

Indicators	Details	Corresponding Section
<b>(III) Risk Management</b>		
27	Description of the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities, and how they are integrated into overall risk management.	Climate-Related Disclosures – Risk Management
<b>(IV) Metrics and Targets</b>		
28–29	Greenhouse gas emissions (Scope 1, Scope 2) and measurement methodologies.	Climate-Related Disclosures – Metrics and Targets
30–33	Assets subject to transition risks, physical risks, climate-related opportunities, and capital deployment.	Climate-Related Disclosures – Strategy
34	(Note: The issuer does not apply carbon pricing in decision-making.)	Climate-Related Disclosures – Metrics and Targets
35	(Note: Climate-related considerations have not been incorporated into the remuneration policy.)	Climate-Related Disclosures – Metrics and Targets
36	(Note: Disclosure of industry metrics is not yet included.)	Climate-Related Disclosures – Metrics and Targets
37–40	Climate-related targets, target revisions, greenhouse gas emission targets, and carbon credits.	Climate-Related Disclosures – Metrics and Targets

## Corporate Governance Practices

The Board is committed to establishing good corporate governance and adopt sound corporate governance practices. The Directors strongly believe that reasonable and sound corporate governance practices are essential for the growth of the Group and for safeguarding and enhancing shareholders' interests.

Throughout the financial year ended 31 December 2025, the Company has complied with the requirements set out in the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

## Corporate Culture and Strategy

The Company embeds with a strong corporate culture for compliance, corporate governance and corporate social responsibilities, and at the same time, strives to provide high quality and reliable products and services, and to create values to the stakeholders through sustainable growth and continuous development. The Company acts as an investment holding company and the principal activities of its subsidiaries are manufacturing and sales of access flooring products and provision of related installation services. As a group with a well-established business foundation, it is the Board's role to foster a corporate culture with the following principles to guide the conduct and behaviours of its employees, and ensure that the Company's vision, mission and business strategies are aligned to it:

- (i) Integrity – we strive to do what is right;
- (ii) Excellence – we aim to deliver excellence;
- (iii) Collaboration – we are always better together;
- (iv) Accountability – we are accountable for delivering on our commitments;
- (v) Empathy – we care about our stakeholders – employees, customers, supply chain and the community; and
- (vi) Sustainability – we are committed to a sustainable future.

The Group continuously reviews and updates its strategies to provide better clarity on direction and business models. In addition, the Group takes active and prompt measures to meet market changes through adjustment of business strategies and control over costs for supporting continuous business development of the Group.

## Board of Directors

The key responsibilities of the Board include formulation of the Group's overall strategies, the setting of management targets and supervision of management performance. The management is delegated with the authority and responsibility by the Board for the management and administration of the Group. In addition, the Board has also delegated various responsibilities to the board committees of the Company. Further details of the board committees of the Company are set out below in this report.

The Board is entrusted with the overall responsibility for promoting the success of the Company by the direction and supervision of the Company's business and affairs and the ultimate responsibility for day to day management of the Company which is delegated to the management. To this end, monthly financial and operational information are provided to the Board for assessing the performance of the Company and its subsidiaries. For significant matters that are specifically delegated by the Board, the management must report back to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

The Board is responsible for, among others, performing the corporate governance duties as set out in the code provision A.2.1 of the CG Code, which include:

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

The Board currently consists of seven Directors including four executive Directors and three independent non-executive Directors:

#### Executive Directors

Mr. Shen Min (*Chairman*)

Ms. Liu Hui (*Chief Executive Officer*)

Mr. Shen Minghui

Mr. Zhu Wen (*appointed on 17 October 2025*)

#### Independent Non-executive Directors

Mr. Xie Xing

Mr. Wang Li

Ms. Long Mei

Two independent non-executive Directors have the appropriate professional accounting qualifications or related financial management experience and expertise.

Each of the Directors has entered into a service contract with the Company for a fixed term of three years which may only be terminated in accordance with the provisions of the service contract or by (i) the Company giving to any Director not less than three months' prior notice in writing or (ii) any Director giving to the Company not less than one month's prior notice in writing. The appointment of Directors is also subject to retirement and re-election in accordance with the articles of associations of the Company.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skills, knowledge, responsibilities and involvements in the Company's affairs.

The relationship of the chairman of the Board, Mr. Shen Min and two executive Directors, namely, Mr. Shen Minghui and Ms. Liu Hui, is the son and the daughter-in-law of Mr. Shen Min respectively. Ms. Liu Hui is also the spouse of Mr. Shen Minghui. Other than these, there is no financial, business or other material/relevant relationships among members of the Board.

In accordance with article 108(a) of the articles of association of the Company, at each annual general meeting, at least one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Article 112 of the articles of association provides that any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election and any Director appointed under article 112 shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting. Accordingly, Mr. Shen Min, Mr. Zhu Wen, Mr. Wang Li and Ms. Long Mei will retire from office as Directors at the forthcoming annual general meeting of the Company, and being eligible, offer themselves for re-election.

The participation of independent non-executive Directors in the Board brings a diverse range of expertise, skills and independent judgment on issues relating to the Group's strategies, performance, conflicts of interests and management process to ensure that the interests of all shareholders of the Company have been duly considered. The Board considers that all the independent non-executive Directors are independent and each of the independent non-executive Directors has confirmed in writing his/her independence to the Company pursuant to Rule 3.13 of the Listing Rules.

The Company has established a board independence evaluation mechanism during the year ended 31 December 2025 which sets out the processes and procedures to ensure a strong independent element so as to allow the Board to exercise independent judgment effectively for safeguarding the Shareholders' interests. The objectives of the evaluation are to improve board effectiveness, maximize strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies the actions of the Company required to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director. Pursuant to the board independence evaluation mechanism, the Board reviewed the implementation and effectiveness of the board independence evaluation mechanism during the year ended 31 December 2025 and the results were satisfactory.

There is a balance of skills and experience for the Board, which is appropriate for the requirements of the business of the Company. The Directors' biographical information is set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

## Board Diversity Policy

The Board recognises and embraces the benefits of having a diverse Board to enhance its performance and to achieve a sustainable and balanced development. The Board has adopted a board diversity policy which sets out the approach to achieve and maintain its diversity. The board diversity policy provides that selection of Board candidates should be based on a range of different considerations, including but not limited to professional experience, skills, gender, age, cultural and educational background, ethnicity and length of service. When identifying potential candidates to the Board, the nomination committee and the Board will, among others, (i) consider the current level of representation of women on the Board and the senior management when making recommendations for nominees as well as succession planning to the Board and senior management; (ii) consider the criteria that promotes diversity by making references to the code of practices on employment published by the Equal Opportunities Commission from time to time; and (iii) communicate the board diversity policy to the nomination committee and encourage a cooperative approach to ensure diversity on the Board. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board. All Board appointments will be based on meritocracy having due regard for the benefits of diversity on the Board. The ultimate selection of Board candidates will be based on merit and potential contribution to the Board with reference to the board diversity policy as a whole.

For the purpose of implementation of the board diversity policy, the following measurable objectives are adopted:

- at least one of the members of the Board shall be female;
- at least one-third of the members of the Board shall be independent non-executive Directors;
- at least one of the members of the Board shall have obtained accounting or other professional qualifications;
- at least 50% of the members of the Board shall have more than 10 years of experience in the industry he/she is specialised in; and
- at least 70% of the members of the Board shall have China-related work experience.

The board diversity policy is well implemented as evidenced by the fact that there are 2 female and 5 male Directors ranging from 39 to 67 years old with experience from different industries and sectors.

The Board has reviewed and considered the implementation of the board diversity policy to be effective during the year ended 31 December 2025.

## Nomination Policy

The Board has adopted a director nomination policy (the “**Nomination Policy**”) in relation to the nomination, appointment, re-appointment of new Directors and the nomination procedure of the Company, which provides that in evaluating and selecting any candidate for directorship, the nomination committee shall consider the candidates’ character and integrity, professional qualifications, skills, knowledge and experience, independence, diversity on the Board, willingness to devote adequate time to discharge duties as a Board member and such other criteria that are appropriate to the business of the Company.

## Dividend Policy

The Board has adopted a dividend policy (the “**Dividend Policy**”), a summary of which is disclosed as below.

Subject to the approval of the Shareholders and requirement of the relevant law, the Company shall pay annual dividends to the Shareholders if the Group is profitable, operations environment is stable and there is no significant investment or commitment made by the Group, after taking into account the factors as detailed below and determined by the Board from time to time. The remaining net profits will be used for Group’s development and operations. The Dividend Policy allows the Company to declare special dividends from time to time in addition to the annual dividends.

In proposing any dividend payout, the Board shall also take into account, inter alia, (i) the Company’s actual and expected financial performance; (ii) retained earnings and distributable reserves of the Group; (iii) the level of the Group’s debts to equity ratio, return on equity and the relevant financial covenants; and (iv) the general economic conditions, business cycle of the Group’s business and other internal and external factors that may have an impact on the business or financial performance and position of the Company.

Any final dividend declared by the Company must be approved by an ordinary resolution of the shareholders of the Company at an annual general meeting and must not exceed the amount recommended by the Board. The Dividend Policy shall be reviewed periodically and submitted to the Board for approval if amendments are required.

## Whistleblowing Policy

The Company has in place a whistleblowing policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Company about possible improprieties in any matters related to the Company.

## Anti-Corruption Policy

The Company has also in place an anti-corruption policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal anti-corruption department, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

During the year ended 31 December 2025, there was no non-compliance case in relation to bribery and corruption.

## Directors' Induction and Continuous Professional Development

On appointment to the Board, each Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director so as to ensure that he or she is sufficiently aware of his or her responsibilities under Listing Rules and other relevant regulatory requirements.

The Group acknowledges the importance of continuing professional development for the Directors for the enhancement of corporate governance and internal control system and in this regard, the Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior executives to enroll in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance/act and corporate governance practices organised by professional bodies, independent auditor and/or law firms in Hong Kong. The Group would provide funding to all Directors to participate in continuous professional development organized in the form of in-house training and seminars so as to keep them refreshed of their knowledge and skills and understanding of the Group's business and to update their skills and knowledge on the latest development or changes in the relevant statutes, the Listing Rules and corporate governance practices.

Pursuant to the code provision C.1.4 of the CG Code, all Directors had participated in the following professional development in the form of materials reading and participation in webcast during the year ended 31 December 2025:

	<b>Corporate governance, rules and regulations (including directors' duties)</b>	<b>Financial, management and other business skills and knowledge</b>
<b>Executive Directors</b>		
Mr. Shen Min	✓	✓
Mr. Shen Minghui	✓	✓
Ms. Liu Hui	✓	✓
Mr. Zhu Wen ( <i>appointed on 17 October 2025</i> )	✓	✓
<b>Independent Non-executive Directors</b>		
Mr. Xie Xing	✓	✓
Mr. Wang Li	✓	✓
Ms. Long Mei	✓	✓

## Board Meetings

Pursuant to code provision C.5.1 of the CG Code, the Board should meet regularly and Board meetings should be held at least four times a year. Additional meetings would be arranged if and when required. Board members are provided with all agenda and adequate information for their review within reasonable time before the meetings. After the meeting, draft minutes are circulated to all Directors for comments before confirmation. Minutes of board meetings and meetings of board committees are kept by the company secretary and are available for inspection by the Directors at all times. Each Director is entitled to seek independent professional advice in appropriate circumstances at the expense of the Company.

Directors may participate either in person or through electronic means of communications. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions. The Company has complied with the code provision C.5.1 of the CG Code in the year ended 31 December 2025. Details of the attendance of the Directors for the year ended 31 December 2025 are as follows:

Name of Directors	Attended/eligible to attend
<b>Executive Directors</b>	
Mr. Shen Min	4/4
Mr. Shen Minghui	4/4
Ms. Liu Hui	4/4
Mr. Zhu Wen (appointed on 17 October 2025)	0/0
<b>Independent Non-executive Directors</b>	
Mr. Xie Xing	4/4
Mr. Wang Li	4/4
Ms. Long Mei	4/4

## Chairman and Chief Executive Officer

Pursuant to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established to ensure a balance of power and authority.

Mr. Shen Min serves as the chairman of the Board and is responsible for overall business development strategy and overall management and major business decisions of the Group. Ms. Liu Hui, serves as the chief executive officer responsible for general management and day-to-day operations of the Group.

## Audit Committee

The Company established an audit committee on 19 December 2019 with written terms of reference by reference to the code provisions of the CG Code. The audit committee currently consists of three independent non-executive Directors, namely Mr. Xie Xing, Mr. Wang Li and Ms. Long Mei. The chairman of the audit committee is Mr. Xie Xing, who has appropriate professional qualification and experience in accounting matters.

The audit committee is principally responsible for the monitoring of the integrity of periodical financial statements of the Company, the review of significant financial reporting judgements contained in them before submission to the Board for approval, the review of the Company's financial controls, risk management and internal control systems, and the review and monitoring of the auditors' independence and objectivity as well as the effectiveness of the audit process. The audit committee is also responsible for performing corporate governance functions which include (a) to develop and review the Company's policies and practices on corporate governance; (b) to review and monitor the training and continuous professional development of the Directors and senior management; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to review and monitor the code of conduct and compliance applicable to employees and the Directors; and (e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report. The terms of reference setting out the audit committee's authorities, duties and responsibilities are available on the websites of the Company and the Stock Exchange.

The Group's audited annual results in respect of the year ended 31 December 2025 have been reviewed by the audit committee. There was no disagreement between the Board and the audit committee regarding selection and appointment of the external auditor in respect of the year ended 31 December 2025.

The audit committee held two meetings during the year ended 31 December 2025, at which the audited annual results of the Group for the year ended 31 December 2024, the unaudited interim results of the Group for the six months ended 30 June 2025 and other matters related to the financial and accounting policies and practice were discussed and reviewed. The audit committee also reviewed the internal control review report prepared by the independent professional advisor and put forward relevant recommendations to the Board. In addition, the audit committee fulfilled its responsibilities in corporate governance and in monitoring the effectiveness of the auditing process and the independence of the auditor at the meetings held during the year ended 31 December 2025. Individual attendance of each committee member at the meetings during the year ended 31 December 2025 are as follows:

Name of members	Attended/eligible to attend
Mr. Xie Xing ( <i>Chairman</i> )	2/2
Mr. Wang Li	2/2
Ms. Long Mei	2/2

## Remuneration Committee

The Company established a remuneration committee on 19 December 2019 with written terms of reference by reference to the code provisions of the CG Code. The remuneration committee currently consists of three members, namely Ms. Liu Hui, an executive Director, Mr. Wang Li and Ms. Long Mei, both being independent non-executive Directors. Ms. Long Mei currently serves as the chairlady of the remuneration committee.

The primary duties of the remuneration committee are to: (i) assess performance of executive Directors and approve the terms of executive Directors' service contracts; (ii) review and approve performance-based remuneration with reference to corporate goals and objectives; (iii) make recommendations to the Board on the Company's remuneration policy and structure and the remuneration packages of all Directors and senior management (i.e. the model described in the code provision E.1.2(c)(ii) of the CG Code is adopted); (iv) review and approve that the share options offered by the Company to its Directors or Senior Management (if any) are in accordance with Chapter 17 of the Listing Rules, or the employees incentive schemes are in compliance with applicable laws and regulations, as applicable; and (v) establish a formal and transparent procedure for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which will be determined with reference to the performance of the individual and the Group as well as market practice and conditions.

The members of the remuneration committee should meet at least once a year. During the year from 1 January 2025 to 31 December 2025, the remuneration committee held one meeting, at which the Group's overall remuneration practices and scale and other remuneration-related matters in respect of the Directors and senior management were discussed and reviewed. Individual attendance of each committee member at the meeting during the year ended 31 December 2025 are as follows:

Name of members	Attended/eligible to attend
Ms. Long Mei ( <i>Chairlady</i> )	1/1
Mr. Wang Li	1/1
Ms. Liu Hui	1/1

The remuneration committee has adopted the model whereby the remuneration committee makes recommendation to the Board on the remuneration packages of executive Directors and senior management and to make recommendation to the Board on the remuneration of the independent non-executive Directors. Remuneration payment made to senior management of the Group for the year ended 31 December 2025 falls within the following band:

Remuneration Band (RMB)	Number of individuals	
	2025	2024
Nil to RMB1,000,000	2	2

## Nomination Committee

The Company established a nomination committee on 19 December 2019 with written terms of reference by reference to the code provisions of the CG Code. The nomination committee currently consists of three members, namely Ms. Liu Hui, an executive Director, Mr. Xie Xing and Mr. Wang Li, both being independent non-executive Directors. Mr. Wang Li currently serves as the chairman of the nomination committee.

The primary duties of the nomination committee are to review the structure, size and composition of the Board; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; review the time commitment required of the Directors and evaluate whether the Directors have committed adequate time to discharge their responsibilities; review and implement the Nomination Policy; and make recommendations to the Board on relevant matters regarding the appointment or re-appointment of Directors. The terms of reference setting out the nomination committee's authorities, duties and responsibilities are available on the websites of the Company and the Stock Exchange.

The members of the nomination committee should meet at least once a year. During the year ended 31 December 2025, the nomination committee held one meeting, at which the structure, size and composition (including the skills, knowledge and experience) of the Board members were reviewed. It also assessed the independence of the independent non-executive Directors and recommended the re-election of the retired Directors at the annual general meeting of the Company. Individual attendance of each committee member at the meetings during the year ended 31 December 2025 is as follows:

Name of members	Attended/eligible to attend
Mr. Wang Li ( <i>Chairman</i> )	1/1
Mr. Shen Min (ceased to be a member on 30 June 2025)	1/1
Ms. Liu Hui (appointed on 30 June 2025)	0/0
Mr. Xie Xing	1/1

## Company Secretary

The company secretary of the Company (the "**Company Secretary**") supports the Board by ensuring good information flow within the Board and that the Board policy and procedures are followed. The Company Secretary is responsible for advising the Board on the corporate governance matters and facilitating induction and professional development of the Directors. All Directors have access to the advice and services of the Company Secretary to ensure that the Board procedures and all applicable laws, rules and regulations, are followed.

Mr. Li Wen Tao was appointed as the Company Secretary on 19 June 2019. He has complied with all the required qualifications, experiences and training requirements under the Listing Rules.

## Directors' and Auditor's Responsibilities for Consolidated Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group that give a true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required of the Listing Rules. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements for the year ended 31 December 2025.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the Shareholders. The independent auditor's report about their reporting responsibility on the consolidated financial statements of the Group is set out in the independent auditors' report on pages 68 to 73 of this annual report.

## Auditors' Remuneration

For the year ended 31 December 2025, remuneration paid/payable to the auditor for audit service is approximately RMB1,102,000 (2024: RMB1,176,000).

## Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix C3 to the Listing Rules as the Company's code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the code of conduct regarding the dealings in securities during the year ended 31 December 2025. Moreover, the Company was not aware of any non-compliance with the relevant provisions of the Model Code throughout the year ended 31 December 2025 and up to the date of this report.

## Risk Management and Internal Control

The Board has overall responsibilities for establishing and maintaining appropriate and effective risk management and internal control systems of the Group. The Group's systems of risk management and internal control include a defined management structure with limits of authority, which are designed to help to achieve business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

An organisational structure with operating policies and procedures, lines of responsibility and delegated authority has been established. The division/department head of the Group is accountable for the conduct and performance of such segment within the agreed strategies, which are set by themselves and the Board together, and reports directly to the Board.

In the course of conducting the business of the Group, it is exposed to various types of risks, including business risks, financial risks, operation and other risks. The Board is ultimately responsible for the risk management of the Group and it has delegated to executive management to carry out the risk identification and monitoring procedures. The objectives of the risk management are to enhance the governance and corporate management processes as well as to safeguard the Group against unacceptable levels of risks and losses.

The risk management process of the Group will involve, among others, (i) an annual risk identification and analysis exercise which involves assessment of the consequence and likelihood of risks and the development of risk management plans for mitigating such risks; and (ii) an annual review of the implementation of the risk management plans and fine tuning of the implementation plan when necessary.

Although the Group does not maintain an internal audit function, the Board has overall responsibility for the system of internal control and for reviewing its effectiveness. Throughout the year ended 31 December 2025, the Group complied with the code provisions on internal control and risk management. In particular, the Group appointed an independent internal control consultant to carry out a review of the implemented systems and procedures, including areas covering financial, operational and legal compliance controls and risk management functions for the year ended 31 December 2025. The Directors were satisfied that the internal control systems as appropriate to the Group for the year ended 31 December 2025 were implemented properly and that no significant areas of weaknesses came into attention.

The Group has adopted the policy to comply with the requirements of Securities and Futures Ordinance (the "SFO") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensuring that the information contained in announcements are not false or misleading through presentation of information in a clear and fair manner.

## Investor Relations

The Board puts great emphasis on investor relationship in particular fair disclosure and comprehensive report of the Company's performance and activities.

The Shareholders are encouraged to attend the general meetings of the Company and the Directors always make efforts to fully address any questions raised by the shareholders at the annual general meetings ("AGM") and the extraordinary general meetings ("EGM") of the Company. In addition, the Shareholders have the right to nominate a person to stand for election as a director at any general meeting by lodging a written notice to the Company.

In accordance with Provision F.2.2 of the CG Code, attendance of members of the Board to the AGM held on 13 June 2025 is as follows:

	Attended/eligible to attend
<b>Executive Directors</b>	
Mr. Shen Min	1/1
Mr. Shen Minghui	1/1
Ms. Liu Hui	1/1
Mr. Zhu Wen (appointed on 17 October 2025)	0/0
<b>Independent Non-executive Directors</b>	
Mr. Xie Xing	1/1
Mr. Wang Li	1/1
Ms. Long Mei	1/1

## Procedures for Shareholders to Convene an Extraordinary General Meeting and to Put Forward Proposals at Shareholders' Meetings

The Shareholders may put forward proposals at general meetings by requisitioning an EGM. Pursuant to article 64 of the articles of association of the Company, EGM may be convened by the Board on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

## Procedures for Directing Shareholders' Enquiries to the Board

The Shareholders may at any time send their enquiries and concerns to the Board in writing. Contact details are as follows:

Address: 22/F., 3 Lockhart Road  
Wanchai, Hong Kong  
Tel: 3180 7862  
Fax: 3180 7892  
E-mail: info@jjachencn.com

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board committees of the Company, where appropriate, to answer the Shareholders' questions.

## Communication with Shareholders

The Board has adopted a shareholders' communication policy reflecting mostly the current practices of the Company for communication with its Shareholders. Such policy aims to set out the provisions with the objective of ensuring that the Shareholders, both individual and institutional, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable the Shareholders to exercise their rights in an informed manner, and to allow the Shareholders and the investment community to engage actively with the Company. The Company has established the following channels for maintaining on-going dialogue with the Shareholders and considers that implementation of the communication policy is effective:

- (a) corporate communications such as annual reports, interim reports and circulars are issued in both soft and printed forms and are available on the Stock Exchange's website and the Company's website;
- (b) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;
- (c) corporate information is made available on the Company's website;
- (d) AGM and EGM provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management; and
- (e) the Company's share registrars serve the Shareholders in respect of share registration, dividend payment, change of shareholders' particulars and related matters.

## Constitutional Documents

There was no change in the memorandum and articles of association of the Company in the year ended 31 December 2025.

## DIRECTORS' REPORT

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

### Corporate Reorganisation

The Company was incorporated in the Cayman Islands as exempted company with limited liability on 7 July 2017.

The Company completed the corporate reorganisation on 15 March 2018 in preparation for the listing of its shares on the Stock Exchange, pursuant to which the Company became the holding company of the companies now comprising the Group.

Since 17 January 2020 (the “**Listing Date**”), all 1,000,000,000 Shares in issue have been listed on the Main Board of the Stock Exchange.

### Principal Activities

The Company is an investment holding company. Its principal subsidiaries are engaged in manufacturing and sales of access flooring products and provision of related installation services with the headquarters based in Changzhou City, Jiangsu Province, the PRC.

Details of the Company's principal subsidiaries as at 31 December 2025 are set out in note 2 to the consolidated financial statements.

### Results and Dividends

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 74 of this annual report.

The Directors do not recommend the payment of final dividend for the year ended 31 December 2025 (2024: Nil).

### Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2025 are set out in note 15 to the consolidated financial statements in this annual report.

### Share Capital

Details of movements in the share capital of the Company during the year ended 31 December 2025 are set out in note 28 to the consolidated financial statements in this annual report.

### Distributable Reserves

Details of movements in the reserves of the Group during the year ended 31 December 2025 are set out in the consolidated statement of changes in equity on page 77 of this annual report.

The Company's reserves available for distribution to the shareholders as at 31 December 2025 amounted to RMB198,661,000 (2024: RMB202,407,000).

## Financial Summary

A summary of the results and of the assets and liabilities of the Group for each of the last five financial years is set out on pages 150 of this annual report.

## Directors

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

### Executive Directors

Mr. Shen Min (*Chairman*)

Ms. Liu Hui (*Chief Executive Officer*)

Mr. Shen Minghui

Mr. Zhu Wen (appointed on 17 October 2025)

### Independent Non-executive Directors

Mr. Xie Xing

Mr. Wang Li

Ms. Long Mei

In accordance with articles 108(a) and 112 of the articles of association of the Company, Mr. Shen Min and Mr. Zhu Wen will retire from office as executive Directors; Mr. Wang Li and Ms. Long Mei will retire from office as an independent non-executive Director at the forthcoming annual general meeting of the Company, and being eligible, offer themselves for re-election.

Each of the independent non-executive directors has confirmed in writing his/her independence to the Company pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent to the Company.

## Directors' Service Contracts

None of the Directors proposed for election at the forthcoming annual general meeting has or is proposed to have a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment compensation, other than the statutory compensation.

## Directors' Interests in Transactions, Arrangements or Contracts of Significance

Saved as disclosed in this annual report, there was no transaction, arrangement or contract of significance to which the Company or any related companies (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

## Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the "**Shares**"), underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or under the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name	Capacity/ Nature of interest	Number of shares <small>(Note 1)</small> held/ interested in	Percentage of interest in the Company
Mr. Shen Min	Interest in a controlled corporation <small>(Note 2)</small>	272,625,000	27.26%
Mr. Shen Minghui	Interest in a controlled corporation <small>(Note 3)</small>	131,475,000	13.15%
	Interest of spouse <small>(Note 4)</small>	231,375,000	23.14%
		362,850,000	36.29%
Ms. Liu Hui	Interest in a controlled corporation <small>(Note 4)</small>	231,375,000	23.14%
	Interest of spouse <small>(Note 5)</small>	131,475,000	13.15%
		362,850,000	36.29%
Mr. Xie Xing	Beneficial owner	35,000	0.0035%
Ms. Long Mei	Beneficial owner	70,000	0.007%

### Notes:

- All interests stated are long positions.
- Mr. Shen Min owns 100% of the issued share capital of Jiachen Investment Limited ("**Jiachen Investment**"), which, in turns, holds 272,625,000 Shares. Accordingly, Mr. Shen Min is deemed to be interested in 272,625,000 Shares held by Jiachen Investment by virtue of the SFO.
- Mr. Shen Minghui owns 100% of the issued share capital of Yilong Investment Limited ("**Yilong Investment**"), which, in turns, holds 131,475,000 Shares. Accordingly, Mr. Shen Minghui is deemed to be interested in 131,475,000 Shares held by Yilong Investment by virtue of the SFO.
- Ms. Liu Hui, the spouse of Mr. Shen Minghui, owns 100% of the issued share capital of Xinchen Investment Limited ("**Xinchen Investment**"), which, in turn, holds 231,375,000 Shares. By virtue of the SFO, Ms. Liu Hui is deemed to be interested in 231,375,000 Shares held by Xinchen Investment and in addition, Mr. Shen Minghui is also deemed or taken to be interested in all the Shares in which Ms. Liu Hui has, or is deemed to have, an interest for the purpose of the SFO.
- Ms. Liu Hui is the spouse of Mr. Shen Minghui. By virtue of the SFO, Ms. Liu Hui is deemed or taken to be interested in all the Shares in which Mr. Shen Minghui has, or is deemed to have, an interest for the purpose of the SFO.

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions 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 Part XV of the SFO (including interests or short position which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or under the Listing Rules, to be notified to the Company and the Stock Exchange.

## Share Option Scheme

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed by the shareholders of the Company on 19 December 2019 for the purpose of granting options to selected participants as incentives or rewards for their contribution to the Company. Under the Scheme, the Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for the Shares:

- (a) any employee or proposed employee (whether full-time or part-time and including any executive Director), consultants or advisers of or to the Company, any of the subsidiaries or any entity (the "**Invested Entity**") in which the Company holds an equity interest;
- (b) any non-executive Directors (including independent non-executive directors) of the Company, any of the subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to the Company or any of its subsidiaries or any Invested Entity;
- (d) any customer of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (f) any shareholders of the Company or any shareholder of any of its subsidiaries or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.

The principal terms of the Scheme are as follows:

- (a) The maximum number of Shares to be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the Company's issued share capital from time to time.
- (b) The total number of Shares which may be allotted and issued upon exercise of all options must not in aggregate exceed 10% of the total number of Shares in issue on the Listing Date which amounts to 100,000,000 Shares and can be refreshed by seeking approval of the Shareholders in general meeting.
- (c) Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of all outstanding options granted under the Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each participant in any 12-month period must not exceed 1% of the Shares in issue.
- (d) The subscription price of a Share in respect of any option granted under the Scheme shall not be less than the highest of (i) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five Business Days immediately preceding the date of grant of the option; and (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option. A consideration of HK\$1.00 is payable on acceptance of the offer of the grant of an option.
- (e) An option granted under the Scheme shall not be transferable or assignable and is personal to the grantee.
- (f) An option may be accepted by a participant within 28 days from the date of the offer of grant of the option.

- (g) Options may be exercised by the Grantee under the Scheme any time after having granted other than that the Directors may, at their absolute discretion, fix any minimum period for which an option must be held, any performance targets that must be achieved and any other conditions that must be fulfilled before the options can be exercised.
- (h) The Scheme shall be valid for a period of 10 years commencing from 19 December 2019.

The total number of Shares available for grant to all participants under the Scheme at the beginning and the end of the year ended 31 December 2025 was 100,000,000, representing 10% of the Shares in issue and the number of Shares issued and to be issued upon the exercise of options granted to each participant, including service providers, within any 12-month period is limited to 10,000,000, representing 1% of the Shares in issue.

No share options have been granted since the adoption of the Scheme and as at 31 December 2025, there was no outstanding share option. The number of options available for grant under the Scheme, which may be issued upon exercise of options granted, as of 1 January 2025, 31 December 2025 and as at the date of this annual report was 100,000,000, representing 10% of the Shares in issue.

The remaining life of the Scheme as at 31 December 2025 was approximately 3.97 years.

### **Director's Rights to Purchase Shares or Debentures**

Save as otherwise disclosed in this annual report, at no time during the year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate, and none of the Directors and chief executives or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

### **Equity-Linked Agreements**

Save as disclosed in this annual report, no equity-linked agreement was entered into by or subsisted in the Company, and there was no provision to enter into any agreement which will or may result in the Company issuing shares during the year.

## Substantial Shareholders' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company

As at 31 December 2025, so far as is known to the Directors and chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had interests or short positions in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name	Capacity/ Nature of interest	Number of shares <sup>(Note 1)</sup> held/ interested in	Percentage of interest in the Company
Jiachen Investment <sup>(Note 2)</sup>	Beneficial owner	272,625,000	27.26%
Xinchen Investment <sup>(Note 3)</sup>	Beneficial owner	231,375,000	23.14%
Ms. Zhang Yaying	Interest of spouse <sup>(Note 4)</sup>	272,625,000	27.26%
Yilong Investment <sup>(Note 5)</sup>	Beneficial owner	131,475,000	13.15%
Global Yunhong Group Limited ("Global Yunhong") <sup>(Note 6)</sup>	Beneficial owner	99,000,000	9.90%
Mr. Li Yubao	Interest in a controlled corporation <sup>(Note 6)</sup>	99,000,000	9.90%

### Notes:

- All interests stated are long positions.
- Jiachen Investment is wholly-owned by Mr. Shen Min. By virtue of the SFO, Mr. Shen Min is deemed to be interested in all of the Shares held by Jiachen Investment.
- Xinchen Investment is wholly-owned by Ms. Liu Hui. By virtue of the SFO, Ms. Liu Hui is deemed to be interested in all of the Shares held by Xinchen Investment.
- Mr. Shen Min, the spouse of Ms. Zhang Yaying, owns 100% of the issued share capital of Jiachen investment, which, in turn holds 272,625,000 Shares. By virtue of the SFO, Ms. Zhang Yaying is deemed or taken to be interested in all the Shares in which Mr. Shen Min has, or is deemed to have, an interest for the purpose of the SFO.
- Yilong Investment is wholly-owned by Mr. Shen Minghui. By virtue of the SFO, Mr. Shen Minghui is deemed to be interested in all of the Shares held by Yilong Investment.
- Global Yunhong is wholly-owned by Mr. Li Yubao. By virtue of the SFO, Mr. Li Yubao is deemed to be interested in all of the Shares held by Global Yunhong.

Save as disclosed above, as at 31 December 2025 no other persons (not being the Directors and chief executives of the Company) had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to.

## Connected Transactions and Continuing Connected Transactions

During the year ended 31 December 2025, the Group did not enter into any transactions which need to be disclosed as connected transactions or continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

Details of the material related party transactions are set out in note 32 to the consolidated financial statements of this annual report. These related party transactions did not constitute connected transactions or continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

## Major Customers and Suppliers

For the year ended 31 December 2025, sales to the Group's five largest customers accounted for 29.5% (2024: 24.9%) of the total revenue of the Group, while the percentage of the total revenue of the Group attributable to the Group's largest customer was approximately 9.2% (2024: 6.2%).

For the year ended 31 December 2025, purchases from the Group's five largest suppliers accounted for 52.1% (2024: 49.9%) of the total purchases of raw materials and services of the Group, while the percentage of the total purchases of raw materials and services of the Group attributable to the Group's largest supplier was approximately 21.3% (2024: 18.8%).

None of the Directors of the Company, or any of their associates or any other shareholders, which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital, had any beneficial interest in the Group's five largest customers and suppliers during the year ended 31 December 2025.

## Pre-Emptive Rights

There are no provisions for pre-emptive rights under the articles of association of the Company or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

## Permitted Indemnity Provision

During the year ended 31 December 2025 and up to the date of this report, the Directors were indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they might incur in connection with the execution of their duties. The Company has arranged directors' and officers' liability insurance policy of the Company for the year ended 31 December 2025.

## Employee Benefits

Details of the accounting policy for employee benefits are disclosed in note 3(q) to the consolidated financial statements. The employee benefits of the Group amounted to approximately RMB19,764,000 (2024: RMB19,450,000) for the year ended 31 December 2025, including the contributions to the defined contribution retirement schemes of approximately RMB3,310,000 (2024: RMB3,235,000) as disclosed in note 9 to the consolidated financial statements. No forfeited contributions (by the Group on behalf of employees who leave the defined contribution plans prior to vesting fully in such contributions) can be used by the Group to reduce the existing level of contributions.

## Competing Interests

As at 31 December 2025, none of the Directors or any of their respective associates, has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group, nor has any other conflict of interest with the Group.

## Deed of Non-Competition

Other than Global Yunhong, the substantial shareholders of the Company (the "**Substantial Shareholders**") disclosed under the heading "SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY" in this Directors' report have entered into the Deed of Non-Competition in favour of the Company pursuant to which each of the covenantors has undertaken (for itself and for the benefit of each of the subsidiaries of the Group) that with effect from the date of Listing, they would not and would procure that none of their associates (except for any members of the Group) shall, except through their interests in the Company, whether as principal or agent and whether undertaken directly or indirectly, either on their own account or in conjunction with or on behalf of any person, corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, among other things, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, directly or indirectly, any business which is, directly or indirectly, in any respect in competition with or similar to or is likely to be in competition with the business of the Group in the PRC or such other places as the Group may conduct or carry on business from time to time including but not limited to the manufacturing and sale of access flooring products and provision of related installation services (the "**Restricted Business**").

Other than Global Yunhong, each of the Substantial Shareholders has further undertaken to the Company (for itself and for the benefit of each of the subsidiaries of the Group) that, with effect from the date of Listing, in the event that any of them and/or any of their associates (except any members of our Group) is offered or becomes aware of any future business opportunity that may, directly or indirectly, compete with the Restricted Business (the "**Competing Business Opportunity**") directly or indirectly to engage or become interested in a Restricted Business, they:

- shall promptly notify the Company in writing and refer such Competing Business Opportunity to the Company for consideration and provide such information as reasonably required by the Company in order to enable it to come to an informed assessment of such Competing Business Opportunity; and
- shall not, and shall procure their associates (other than members of the Group) not to, invest or participate in the Competing Business Opportunity unless the Competing Business Opportunity has been rejected by the Company and in respect of Competing Business Opportunity, the principal terms on which the Substantial Shareholders or their respective associates shall invest or participate are no more favourable than those made available to the Company.

Other than Global Yunhong, each of the Substantial Shareholders has further undertaken to the Company (for itself and for the benefit of each of the subsidiaries of the Group) that with effect from the date of Listing, they shall not and shall procure that none of their associates (except for any members of the Group) shall directly or indirectly:

- at any time induce or attempt to induce any director, manager or employee or consultant of any member of the Group to terminate his or her employment or consultancy (as applicable) with the Group, whether or not such act of that person would constitute a breach of that person's contract of employment or consultancy (as applicable); or
- at any time employ any person who has been a director, manager, employee of or consultant to any member of the Group who is or may be likely to be in possession of any confidential information or trade secrets relating to the Restricted Business; or

- alone or jointly with any other person through or as manager, adviser, consultant, employee or agent for or shareholder in any person, firm or company, in competition with any member of the Group, canvass, solicit or accept orders from or do business with any person with whom any members of the Group has done business or solicit or persuade any person who has dealt with the Group or is in the process of negotiating with the Group in relation to the Restricted Business to cease to deal with the Group or to reduce the amount of business which the person would normally do with the Group or seek to improve their terms of trade with any member of the Group.

The independent non-executive Directors have reviewed: (i) the Deed of Non-competition; and (ii) the written declarations by the Substantial Shareholders (other than Yunhong Global) to comply with their undertakings under the Deed of Non-competition during the year ended 31 December 2025, and were satisfied that the terms of the Deed of Non-competition had been duly complied with and enforced during the year ended 31 December 2025.

During the year ended 31 December 2025, the Board had not received any written confirmation from any of the Directors in respect of interest in any business (other than the Group) which is or is likely to be directly or indirectly in competition with the business of the Group. In light of the above, the Substantial Shareholders (other than Yunhong Global) are considered to have complied with their undertakings under the Deed of Non-competition during the year ended 31 December 2025.

## Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities. As at 31 December 2025, no treasury shares (as defined under the Listing Rules) were held by the Company.

## Charitable Donations

During the year ended 31 December 2025, the charitable and other donations made by the Group amounted to approximately RMB30,000 (2024: RMB73,500).

## Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

## Business Review

A fair review of the business of the Company, a description of the principal risks and uncertainties facing the Company, an indication of likely future development in the Company's business as well as a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position can be found in the management discussion and analysis set out on pages 6 to 19 of this annual report. A discussion on the Company's environmental policies and performance and the Company's compliance with the relevant laws and regulations that have a significant impact on the Company and an account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company and on which the Company's success depends are set out in the Environmental, Social and Governance Report on pages 23 to 44 of this annual report. These discussions form part of this report.

## Corporate Governance

Information on the corporate government practices adopted by the Company is set out in the "Corporate Governance Report" on pages 45 to 57 of this annual report.

## Event After the Reporting Period

There was no significant event subsequent to 31 December 2025 and up to the approval of this report.

## Auditor

The consolidated financial statements for the year ended 31 December 2025 have been audited by Crowe (HK) CPA Limited ("**Crowe**"). Crowe shall retire in the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting. There is no change in auditor since the Listing Date.

On behalf of the Board

**Liu Hui**

*Executive Director*

25 March 2026



國富浩華（香港）會計師事務所有限公司  
**Crowe (HK) CPA Limited**  
香港 銅鑼灣 禮頓道77號 禮頓中心9樓  
9/F Leighton Centre,  
77 Leighton Road,  
Causeway Bay, Hong Kong

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JIACHEN HOLDING GROUP LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

### Opinion

We have audited the consolidated financial statements of JiaChen Holding Group Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 74 to 149, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

### Basis for Opinion

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

### Key Audit Matters

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

## Key Audit Matters (Continued)

The Key Audit Matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p><i>(Refer to notes 3(s)(i), 4(b)(i) and (v), and 6 to consolidated financial statements)</i></p> <p>The Group's principal activities are manufacturing, sale and/or installation of the access flooring plates. The terms of the sales contracts are complex and the performance obligations, that are promised in the sales contracts and capable of being distinct and separately identifiable, mainly included supply of access flooring plates and/or installation services. The sales contracts also contain product assurance warranty clauses, which are mainly related to agreed-upon product function specification and with expiring dates falling within 1 to 2 years after the control of the promised access flooring plates and/or installation services were transferred to the customers. Revenue was recognised when the control of the access flooring plates and/or the installation services have been transferred to the customers, over time or at a point in time. The progress towards complete satisfaction of the performance obligations are based on direct measurement of the actual quantities of the access flooring plates that were delivered to and accepted by the customers or installed onto the customers' properties, depending on the types of the sales contracts, using the output method.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and because there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p>	<p>Our procedures in relation to the revenue recognition mainly included:</p> <ul style="list-style-type: none"> <li>(a) Testing and evaluating the effectiveness of the key internal controls relating to the management's revenue recognition;</li> <li>(b) Understanding the terms of the sales contracts and evaluating the reasonableness for identifying and separating the performance obligations stipulated in the sales contracts, on a sample basis;</li> <li>(c) Corroborating the relevant consideration and objective evidences used by the management in recognising the revenue, taking into consideration of the terms of the sales contracts, and testing the basis applied for the direct measurement of the quantities of the access flooring plates and/or installation services transferred to the customers, by reference to the underlying documents, including to but not limited to, delivery/shipping documents, status progress reports acknowledged by the customers or their authorised representatives, and the installation reports issued by the third party suppliers of the installation services;</li> <li>(d) Testing the cut-off of revenue recognised for the access flooring plates and installation services transferred to the customers around the reporting period end;</li> <li>(e) Obtaining the written confirmation replies directly from the customers for verifying the accuracy and completeness of the revenue recognised for the quantities of the access flooring plates and/or installation services transferred by the Group at the promised consideration during the year and the balances of trade and bills receivables and contract assets at the year end, on a sample basis; and</li> <li>(f) Reviewing the adequacy of disclosures for the revenue made in the consolidated financial statements.</li> </ul>

## Key Audit Matters (Continued)

The Key Audit Matter	How our audit addressed the key audit matter
<p><b>Impairment of trade and bills receivables and contract assets</b></p> <p><i>(Refer to notes 3(j)(i), 4(b)(iii), 19(a), 20 and 35(a) to consolidated financial statements)</i></p> <p>At 31 December 2025, the Group's trade and bills receivables and contract assets amounted to approximately RMB138.2 million and RMB71.2 million, net of the allowance for lifetime expected credit losses ("ECL") of approximately RMB59.7 million and RMB5.5 million, respectively, and accounted for 29.7% and 15.3% of the Group's total assets, respectively.</p> <p>In the normal course of its ordinary business, the Group generally grants its customers with a credit period ranging from 60 to 365 days after billings. Contract assets represent the Group's rights to contract consideration for the promised access flooring plates and/or installation services transferred by the Group to the customers but the rights to payments are still conditional upon the quality and quantity checks by the customers on the access flooring plates and/or installation services transferred by the Group, other than on passage of time. When the rights to receipt of consideration for the performed obligations become unconditional, billings are issued to the customers and the contract assets are reclassified to trade and bills receivables. At 31 December 2025, contract assets also include retention monies, representing 3% to 10% of the consideration of the underlying contracts, of approximately RMB8.8 million retained by the customers and due for settlement only at the expiry date of the product assurance warranty period, usually within 1 to 2 years and after physical inspection by the customers as their satisfaction to the quality of access flooring plates and/or installation services transferred by the Group. Contract assets share substantially the same risk characteristics of the trade and bills receivables for the same types of the sales contracts. The Group's customers are mainly the large property developers and state-owned enterprises in the People's Republic of China (the "PRC"). The Group does not hold any collateral as security for the trade and bills receivables and contract assets. This may give rise to the risk of bad debt losses arising from unfavourable changes in the customers' abilities to settle their trade debts after the year end.</p> <p>Loss allowances for trade and bills receivables and contract assets are measured at an amount equal to lifetime ECLs that are expected to result from all possible default events over the expected lives of the trade and bills receivables and contract assets. Lifetime ECLs on the trade and bills receivables and contract assets are estimated by reference to the collective risk characteristics of the customers, using a provision matrix based on the Group's historical credit loss experiences, as adjusted for current conditions at the reporting period end and forward-looking information, factors specific to the debtors and general economic environment.</p> <p>We identified the impairment of trade and bills receivables and contract assets as a key audit matter due to their significance to the consolidated financial statements and management's significant judgement and inherent estimation uncertainties are involved in determining the ECLs for trade and bills receivables and contract assets.</p>	<p>Our procedures in relation to the impairment of trade and bills receivables and contract assets mainly included:</p> <ul style="list-style-type: none"> <li>(a) Understanding the Group's process on trade debt collection and impairment assessment of trade and bills receivables and contract assets;</li> <li>(b) Evaluating the past matrix rates of historical credit losses for the different ageing bands of due and past due days of trade and bills receivables and contract assets;</li> <li>(c) Corroborating the relevant consideration and objective evidences used by the management in assessing the lifetime ECLs of trade and bills receivables and contract assets;</li> <li>(d) Reviewing past payment history of the Group's customers, testing the settlements from and billings to the customers during the year and after the year end and evaluating the supporting documentation for the estimated future cash flows for the trade and bills receivables and contract assets;</li> <li>(e) Checking the accuracy of analysis of the ageing bands for different groupings of not due and past due trade debts in the provision matrix, and challenging the reasonableness of the provision rates applied in the ECL model adopted by the management, taking into consideration of historical credit loss rates and forward-looking information specific to the debtors, current and future economic and market conditions, like the forecasted 2025 PRC GDP growth rate with reference to expectations of credit analysts and International Monetary Fund, which may have impacts on the customers' abilities to settle their trade debts to the Group in future;</li> <li>(f) Evaluating the implications arising from any discrepancy on the debtor confirmations directly obtained from the customers, making enquiries with management of and reviewing the correspondences with the customers for identifying any potential disputes with the customers;</li> <li>(g) Conducting searches on the customers, on a sample basis; and</li> <li>(h) Reviewing the adequacy of disclosures for the ECLs on trade and bills receivables and contract assets that were made in the consolidated financial statements.</li> </ul>

## 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.

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

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

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

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

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

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

## **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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the 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.

### **Crowe (HK) CPA Limited**

*Certified Public Accountants*

Hong Kong, 25 March 2026

### **Liu, Mok Lan, Cliny**

Practising Certificate Number: P07270

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	<b>2025</b> <i>RMB'000</i>	<i>2024</i> <i>RMB'000</i>
<b>Revenue</b>	6	<b>189,718</b>	257,788
Cost of sales		<b>(141,406)</b>	(194,802)
<b>Gross profit</b>		<b>48,312</b>	62,986
Other revenue and other net income	7	<b>3,866</b>	4,506
Selling expenses		<b>(10,507)</b>	(12,237)
Impairment of contract assets and trade and bills receivables, net	9	<b>(11,258)</b>	(11,225)
Administrative expenses		<b>(14,230)</b>	(15,131)
Research and development expenses	9	<b>(10,009)</b>	(11,441)
Profit from operations		<b>6,174</b>	17,458
Finance costs	8	<b>(2,374)</b>	(3,165)
<b>Profit before taxation</b>	9	<b>3,800</b>	14,293
Income tax credit/(expense)	10	<b>25</b>	(2,337)
<b>Profit and total comprehensive income for the year</b>		<b>3,825</b>	11,956
<b>Attributable to:</b>			
Owners of the Company		<b>3,789</b>	11,882
Non-controlling interests		<b>36</b>	74
<b>Profit and total comprehensive income for the year</b>		<b>3,825</b>	11,956
		<i>RMB cents</i>	<i>RMB cents</i>
<b>Earnings per share</b>			
Basic and diluted earnings per share	14	<b>0.38</b>	1.19

The notes on pages 80 to 149 form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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AS AT 31 DECEMBER 2025

	<i>Notes</i>	<b>2025</b> <i>RMB'000</i>	<i>2024</i> <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	15	<b>81,396</b>	75,261
Land use rights	16	<b>45,200</b>	46,190
Long-term deposits and prepayments	17	<b>3,339</b>	3,624
Deferred tax assets	27(b)	<b>10,071</b>	8,382
		<b>140,006</b>	133,457
<b>Current assets</b>			
Inventories	18	<b>48,768</b>	43,446
Contract assets	19(a)	<b>71,194</b>	51,221
Trade and bills receivables	20	<b>138,206</b>	201,900
Deposits, prepayments and other receivables	21	<b>7,565</b>	9,491
Restricted bank deposits	22	<b>4,999</b>	5,989
Cash and cash equivalents	23	<b>53,883</b>	46,824
		<b>324,615</b>	358,871
<b>Total assets</b>		<b>464,621</b>	492,328
<b>Current liabilities</b>			
Trade payables	24	<b>37,368</b>	38,554
Contract liabilities	19(b)	<b>2,085</b>	2,532
Accruals and other payables	25	<b>28,176</b>	31,258
Amounts due to directors	32(b)	<b>1,813</b>	734
Bank borrowings	26	<b>64,990</b>	90,990
Tax payable	27(a)	<b>1,371</b>	3,267
		<b>135,803</b>	167,335
<b>Net current assets</b>		<b>188,812</b>	191,536
<b>Total assets less current liabilities</b>		<b>328,818</b>	324,993

	<i>Notes</i>	<b>2025 RMB'000</b>	2024 RMB'000
<b>Net assets</b>		<b>328,818</b>	324,993
<b>Equity</b>			
Share capital	<i>28(a)</i>	<b>8,856</b>	8,856
Reserves		<b>318,443</b>	314,654
<b>Equity attributable to owners of the Company</b>		<b>327,299</b>	323,510
Non-controlling interests	<i>29</i>	<b>1,519</b>	1,483
<b>Total equity</b>		<b>328,818</b>	324,993

Approved and authorised for issue by the board of directors on 25 March 2026.

**Shen Min**  
*Director*

**Liu Hui**  
*Director*

The notes on pages 80 to 149 form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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FOR THE YEAR ENDED 31 DECEMBER 2025

	Equity attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Statutory reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
	(note 28(a))	(note 28(b))	(note 28(c))	(note 28(d))		(note 29)		
<b>At 1 January 2024</b>	8,856	154,249	1,577	16,432	130,514	311,628	1,409	313,037
Profit and total comprehensive income for the year	-	-	-	-	11,882	11,882	74	11,956
Transfer to statutory reserve	-	-	-	1,587	(1,587)	-	-	-
<b>At 31 December 2024 and 1 January 2025</b>	<b>8,856</b>	<b>154,249</b>	<b>1,577</b>	<b>18,019</b>	<b>140,809</b>	<b>323,510</b>	<b>1,483</b>	<b>324,993</b>
Profit and total comprehensive income for the year	-	-	-	-	3,789	3,789	36	3,825
Transfer to statutory reserve	-	-	-	794	(794)	-	-	-
<b>At 31 December 2025</b>	<b>8,856</b>	<b>154,249</b>	<b>1,577</b>	<b>18,813</b>	<b>143,804</b>	<b>327,299</b>	<b>1,519</b>	<b>328,818</b>

The notes on pages 80 to 149 form an integral part of these financial statements.

## 78 CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Operating activities</b>			
Profit before taxation		3,800	14,293
Adjustments for:			
Interest income	7	(843)	(751)
Finance costs	8	2,374	3,165
Impairment of contract assets and trade and bills receivables, net	9	11,258	11,225
Depreciation of property, plant and equipment	15	5,872	5,799
Amortisation of land use rights	16	990	990
Depreciation of right-of-use assets		–	56
Net loss on disposal of property, plant and equipment	9	95	56
Operating profit before changes in working capital		23,546	34,833
(Increase)/decrease in inventories		(5,322)	6,565
Decrease/(increase) in contract assets and trade and bills and other receivables		34,339	(15,588)
(Decrease)/increase in trade payables		(1,186)	5,271
Decrease in other payables and contract liabilities		(3,984)	(4,861)
Increase in amounts due to directors		1,079	412
Cash generated from operations		48,472	26,632
Tax paid		(3,560)	(2,577)
<b>Cash generated from operating activities</b>		<b>44,912</b>	<b>24,055</b>
<b>Investing activities</b>			
Payment for acquisition of property, plant and equipment		(11,375)	(15,884)
Proceeds from disposal of property, plant and equipment		13	365
Placement of restricted bank deposits		–	(1,428)
Withdrawal of restricted bank deposits		990	–
Interest received		843	751
<b>Net cash used in investing activities</b>		<b>(9,529)</b>	<b>(16,196)</b>

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

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Financing activities</b>			
Proceeds from bank borrowings	33	<b>84,990</b>	99,087
Repayment of bank borrowings	33	<b>(110,990)</b>	(99,087)
Repayment of lease liabilities	33	–	(58)
Interests paid	33	<b>(2,324)</b>	(2,858)
<b>Net cash used in financing activities</b>		<b>(28,324)</b>	(2,916)
<b>Increase in cash and cash equivalents</b>		<b>7,059</b>	4,943
<b>Cash and cash equivalents at beginning of year</b>		<b>46,824</b>	41,881
<b>Cash and cash equivalents at end of year</b>		<b>53,883</b>	46,824

The notes on pages 80 to 149 form an integral part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

## 1. Corporate Information

JiaChen Holding Group Limited (the “**Company**”) was incorporated on 7 July 2017 and registered as an exempted company with limited liability in the Cayman Islands under the Companies Act Chapter 22 of Cayman Islands. The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is No. 18 Changhong East Road, Henglin Town, Wujin District, Changzhou City, Jiangsu Province, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the manufacturing and sales of access flooring products and the provision of the related installation services. During the reporting period, the principal business of the Group was carried out through 佳辰地板常州有限公司 (JiaChen Floor Changzhou Co., Ltd) (“**JiaChen Floor**”), which is an indirect non wholly-owned subsidiary of the Company established in the PRC.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

At 31 December 2025 and 2024, the immediate and ultimate holding company of the Company was Jiachen Investment Limited (“**Jiachen Investment**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and wholly owned by 沈敏 (Mr. Shen Min) (“**Mr. Shen**”) who was regarded as the ultimate controlling party of the Group.

## 2. Subsidiaries

The Company has direct and indirect interests in the following subsidiaries at 31 December 2025 and 2024:

Name	Place of incorporation	Place of business	Form of legal entity	Issued and paid up capital	Effective interest held by the Company	Principal activities
<b>Directly held by the Company</b>						
LeiShuo Ventures Development Limited ("LeiShuo Ventures")	BVI	Hong Kong ("HK")	Limited liability company	US\$1	100%	Investment holding
Rui Xing Holdings Limited ("Rui Xing Holdings")	BVI	HK	Limited liability company	US\$1	100%	Investment holding
XinShuo Holdings Limited ("XinShuo Holdings")	BVI	HK	Limited liability company	US\$1	100%	Investment holding
Long Xiang Holdings Limited ("Long Xiang Holdings")	BVI	HK	Limited liability company	US\$1	100%	Investment holding
<b>Indirectly held by the Company</b>						
Lei Sheng Investments Limited ("Lei Sheng Investments")	BVI	HK	Limited liability company	US\$1	100%	Investment holding
Jiachen Industry (HK) Limited ("Jiachen Industry")	HK	HK	Limited liability company	HK\$10,000	100%	Dormant
Jinyueda Development Limited ("Jinyueda Development")	HK	HK	Limited liability company	HK\$1	100%	Investment holding
Victor Best Investment Limited ("Victor Best Investment")	HK	HK	Limited liability company	HK\$1	100%	Investment holding
常州市金港商務信息諮詢有限公司 (Changzhou Jingang Business Information Consulting Co., Ltd.*) ("Changzhou Jingang")	PRC	PRC	Limited liability company	RMB1,000,000	100%	Investment holding
常州市金台商務信息諮詢有限公司 (Changzhou Jintai Business Information Consulting Co., Ltd.*) ("Changzhou Jintai")	PRC	PRC	Limited liability company	RMB1,000,000	99%	Investment holding
佳辰地板常州有限公司 (JiaChen Floor Changzhou Co., Ltd.*) ("JiaChen Floor")	PRC	PRC	Limited liability company	RMB145,300,000 (2024: RMB130,800,000)	99.54%	Manufacturing and supply of steel access flooring plates and calcium-sulfate access flooring plates
佳辰優選網絡科技(江蘇)有限公司 (Jiachen Youxuan Network Technology (Jiangsu) Company Limited*) ("Jiachen Youxuan Network")	PRC	PRC	Limited liability company	RMB10,000,000	100%	Dormant
江蘇佳辰新材料科技有限公司 (Jiangsu Jiachen High Tech Materials Technology Company Limited*) ("Jiachen High Tech")	PRC	PRC	Limited liability company	RMB80,000,000	99.54%	Dormant

\* For identification purpose only

## 2. Subsidiaries (Continued)

Changzhou Jingang, being a wholly-owned subsidiary of Jinyueda Development and a wholly foreign-owned enterprise, directly holds 99% of the registered capital of Changzhou Jintai while Changzhou Jintai and Victor Best Investment, at 31 December 2025, directly hold 46.48% (2024: 46.48%) and 53.52% (2024: 53.52%) of the registered capital of JiaChen Floor, respectively.

JiaChen Floor is the core operating entity of the Group during the years ended 31 December 2025 and 2024.

Changzhou Jingang, Changzhou Jintai, JiaChen Floor, Jiachen Youxuan Network and Jiachen High Tech are registered as foreign-owned enterprise, domestic-owned enterprise, sino-foreign equity joint venture enterprise, domestic-owned enterprise and domestic-owned enterprise, respectively, under the applicable laws of the PRC. None of the subsidiaries had issued any debt securities at 31 December 2025 and 2024.

## 3. Material Accounting Policies

### (a) Statement of compliance

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

The HKICPA has issued certain new and amendments to HKFRS Accounting Standards which are first effective or available for early adoption for the current accounting period of the Group. Note 3(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

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

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

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). Renminbi (“**RMB**”) is the functional currency of all entities of the Group. These consolidated financial statements are presented in RMB and the figures are rounded to the nearest thousand of RMB (“**RMB’000**”), except for per share data, because the management evaluates the performance of the Group based on RMB.

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

### 3. Material Accounting Policies (Continued)

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

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

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

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

(c) Changes in accounting policies

The Group has applied amendments to HKAS 21 "Lack of Exchangeability" issued by the HKICPA to these financial statements for the first time for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

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

### 3. Material Accounting Policies (Continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. 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.

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. Total comprehensive income of subsidiaries is attributed to the equity shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Loans from shareholders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

### 3. Material Accounting Policies (Continued)

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

Changes in the Group's interests 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 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

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

(e) Business combinations or assets acquisitions

**Optional concentration test**

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

**Asset acquisitions**

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

**Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in October 2010).

### 3. Material Accounting Policies (Continued)

(e) Business combinations or assets acquisitions (Continued)

**Business combinations (Continued)**

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets and liabilities, related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employees Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16 Leases) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

### 3. Material Accounting Policies (Continued)

(e) Business combinations or assets acquisitions (Continued)

**Business combinations (Continued)**

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that does not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 Financial Instruments would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

### 3. Material Accounting Policies (Continued)

(f) Property, plant and equipment

The following items of property, plant and equipment other than construction in progress are stated at cost less accumulated depreciation and impairment losses:

- interests in leasehold land and buildings where the Group is the registered owner of the property interest;
- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and
- other items of property, plant and equipment, including right-of-use assets arising from leases of underlying property, plant and equipment.

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:

Leasehold buildings	20 years
Leasehold improvement	5 years
Plant and machinery	3–10 years
Furniture, fixtures and office equipment	3–10 years
Motor vehicles	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.

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.

### 3. Material Accounting Policies (Continued)

- (g) Other intangible assets (other than goodwill)  
Computer software that is acquired by the Group is stated in the consolidated statement of financial position at cost less accumulated amortisation and impairment losses. Computer software is amortised over its estimated useful life of 5 years.
- (h) 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.

#### **The Group 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 laptops and office furniture. 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.

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.

### 3. Material Accounting Policies (Continued)

(h) Leased assets (Continued)

**The Group as a lessee (Continued)**

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 is subsequently stated at cost less accumulated depreciation and impairment losses (note 3(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.

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.

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.

### 3. Material Accounting Policies (Continued)

(i) Land use rights

Land use rights are upfront payments to acquire long-term interests in the use of land. They are stated at cost less accumulated amortisation and any impairment losses. Costs of land use rights are amortised and charged to profit or loss over the remaining period of the lease on a straight-line basis.

(j) Credit losses and impairment of assets

**(i) Credit losses from financial instruments and contract assets**

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

- financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables which are held for the collection of contractual cash flows which represent solely payments of principal and interest); and
- contract assets as defined in HKFRS 15 Revenue from Contracts with Customers (see note 3(l)).

**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.

### 3. Material Accounting Policies (Continued)

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

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

***Measurement of ECLs (Continued)***

Loss allowances for trade receivables and contract assets 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 (including a loan commitment), 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.

***Significant increases in credit risk***

In assessing whether the credit risk of a financial instrument (including a loan commitment) 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 (i) 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); or (ii) the financial asset is 90 days past due. 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, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

### 3. Material Accounting Policies (Continued)

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

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

***Basis of calculation of interest income***

Interest income recognised in accordance with note 3(s)(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.

***Credit-impaired financial assets***

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

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

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

***Write-off policy***

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

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

### 3. Material Accounting Policies (Continued)

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

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

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment, or more frequent if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- land use rights;
- other intangible assets; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generated unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

### 3. Material Accounting Policies (Continued)

- (j) Credit losses and impairment of assets (Continued)
- (ii) Impairment of other non-current assets (Continued)**
- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are 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 HKAS 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 notes 3(j)(i) and (ii)).

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

(k) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is calculated using the weighted average basis 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.

### 3. Material Accounting Policies (Continued)

(l) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in note 3(j)(i) and are reclassified to receivables when the right to the consideration becomes unconditional (see note 3(m)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue. 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 case, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or 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.

(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.

Trade receivables that do not contain a significant financing component are initially measured at their transaction prices. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost.

(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. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL.

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequently 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.

### 3. Material Accounting Policies (Continued)

(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 expenses is recognised in accordance with the Group's accounting policy for borrowing costs (see note 3(t)).

(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) Defined benefit plan obligations**

Contributions to Mandatory Provident Funds (the "MPF") as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and other retirement benefit schemes, are recognised as an expense in profit or loss and when incurred. The Group's employer contributions vest fully with the employees when contributed into the MPF.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries in Mainland China are required to contribute 16% of their payroll costs to the central pension scheme. Contributions to pension schemes operated by the local municipal government in Mainland China fully vest with the employers when contributed and are recognised as an expense in profit or loss as they become payable in accordance with the rules of the central pension scheme.

**(iii) Share-based payments**

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date after taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

### 3. Material Accounting Policies (Continued)

(q) Employee benefits (Continued)

**(iv) 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 recognised restructuring costs involving the payment of termination benefits.

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

### 3. Material Accounting Policies (Continued)

(r) Income tax (Continued)

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(s) Revenue recognition

**(i) Revenue from contracts with customers**

Revenue is recognised when or as the control of the access flooring plates, installation services or repair services is transferred to the customer at the amount of promised consideration to which the Group is 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.

Depending on the terms of the contract and the laws that apply to the contract, control of the access flooring plates, installation services or repair services may be transferred over time or a point in time. Control of the access flooring plates, installation services or repair services is transferred over time if the Group's performance:

### 3. Material Accounting Policies (Continued)

(s) Revenue recognition (Continued)

(i) **Revenue from contracts with customers (Continued)**

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

If control of the access flooring plates, installation services or repair services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation, which is measured based on direct measurements of the value of access flooring plates, installation services or repair services transferred by the Group to the customer. Otherwise, revenue is recognised at a point in time when the customer obtains control of the access flooring plates, installation services or repair services.

A contract asset is the Group's right to consideration in exchange for access flooring plates, installation services or repair services that the Group has transferred to a customer, and it should be presented separately. Incremental costs incurred to obtain a contract, if recoverable, are capitalised and presented as contract assets and subsequently amortised when the related revenue is recognised. A contract asset becomes a receivable when receipt of the consideration is conditional only on the passage of time.

Contract assets are assessed for impairment under the same approach adopted for impairment of financial assets carried at amortised cost.

A contract liability is the Group's obligation to supply access flooring plates and/or to render the installation services to a customer for which the Group has received consideration from the customer.

The following is a description of the accounting policy for the revenue streams of the Group.

The Group obtains revenue mainly from supplying access flooring plates and/or providing installation services to the customers under the contracts entered into by the Group and the customers.

Revenue is measured based on the consideration specified in a contract with customer and excluded amounts collected on behalf of third parties. To the extent the transaction price includes variable consideration, i.e. as a result of contract modifications, the Group estimates the amount of variable consideration that should be included in the transaction price based on the expected value to which the Group expects to be entitled. Variable consideration is included in the transaction price if, in the Group's judgement, it is highly probable that a significant future reversal of cumulative revenue under the contract will not occur. Estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are largely based on an assessment of the Group's anticipated performance and all information (historical, current and forecasted) that is reasonably available.

### 3. Material Accounting Policies (Continued)

(s) Revenue recognition (Continued)

(i) **Revenue from contracts with customers (Continued)**

When determining the transaction price, the Group considers factors such as whether there is any financing component. The Group considers whether the payment schedule is commensurate with the Group's performance and whether the delayed payment is for finance purpose. The Group considers that there is no significant financing arrangement with the customers.

The Group has contracts bundled with two performance obligations, comprising supply of access flooring plates and provision of installation services, of which, the promises to transfer access flooring plates and installation services are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the access flooring plates and installation services. The control of the access flooring plates and installation services are transferred to a customer over time only when the promised access flooring plates are installed onto the properties controlled by the contract customers. For those access flooring plates which are delivered to but are not yet installed onto the site properties controlled by that customers, the Group bears all their risks and retains their control, the customers do not receive and consume the benefits of these uninstalled access flooring plates or the value of assets under control of the customers are not enhanced and in accordance with the terms of the contracts, these uninstalled access flooring plates are not yet transferred to and not yet accepted by the customers, and accordingly, these uninstalled access flooring plates, which are still under control by the Group, are continued to be recognised as inventories of the Group at the reporting period end.

The progress towards complete satisfaction of performance obligations of contracts with bundled promises for supply of the access flooring plates and installation services are measured using the output method based on direct measurements of the quantities of access flooring plates having been delivered and installed onto the customers' properties by reference to the progress status reports acknowledged either by the customers, or their agents, and the installation reports issued by the third party suppliers of installation services, which install the Group's access flooring plates onto the properties controlled by the customers. The management of the Group considers that the output method would faithfully depict the Group's performance towards complete satisfaction of these performance obligations under HKFRS 15 Revenue from Contracts with Customers.

More specifically, revenue is recognised as follows:

- Revenue from a contract with bundled performance obligations of supply of access flooring plates and installation services are recognised when the control of the access flooring plates and installation services are transferred to the customer over time, as the Group's performance of these contract obligations can either create or enhance the value of the site properties of the customer or the customer simultaneously receives and consumes the benefits when the Group performs over time, and is based on the direct measurement of the quantities of access flooring plates having been delivered to and installed onto the customer's properties by reference to progress status reports acknowledged either by the customer or its agent, and the installation reports issued by the third party suppliers of the installation services, which install the Group's access flooring plates onto the customer's properties.

### 3. Material Accounting Policies (Continued)

(s) Revenue recognition (Continued)

(i) **Revenue from contracts with customers (Continued)**

- Revenue from a sales contract with a single performance obligation of supply of access flooring plates is recognised when control of the access flooring plates is transferred to and accepted by the customer, which is taken at the point in time when (i) the customer accepts the delivery and takes physical possession of the access flooring plates delivered by the Group under a domestic sales contract, or (ii) the access flooring plates are delivered and loaded onto board of the vessels and the bill of lading is passed to the customer under an export sales contract.
- Revenue from a contract with single performance obligation of providing installation services is recognised when the installation services are rendered by the Group and accepted by the customer by reference to the completion report certified by the customer.
- Income from provision of after-sale repair services is recognised when the after-sale repair services are rendered by the Group and accepted by the customer, in accordance with the terms of the contract made with the customer. During the years ended 31 December 2025 and 2024, no after-sale repair service was rendered by the Group.

The Group's rights to consideration for the promised access flooring plates and installation services transferred by the Group to the customers under a contract but not yet billed, as the rights to receipt of consideration are still conditional on something other than on passage of time, are recognised as contract assets, and when the Group's rights to receipt of consideration from the customers become unconditional, the rights to consideration for contract obligations performed are transferred to trade receivables. Contract assets also include retention monies receivables, representing 3% to 10% of the contract price, retained by the customers and will be due for settlement only at the end of specified product assurance warranty period, usually within 1–2 years, and after physical inspection by the customers as their satisfaction to the quality of access flooring plates and/or installation services transferred by the Group, in accordance with terms of the underlying contracts. The payment terms differ from contracts to contracts and are based on commercial negotiations made between the Group and the customers. Most of the payments are payable according to the specified milestone stage of performance of the contracts and with a credit term ranging from 60 to 365 days, based on the Group's evaluation on the creditworthiness of the customers. The payments are commensurate with the Group's performances and under the contracts, retention monies retained by the customers are intended for protection against non-performance. The Group does not intend to give a financing to its other customers and the Group makes efforts to collect the receivables and timely monitors the credit risk.

The Group does not have any variable consideration such as discounts, refunds, rebates, credits, penalties, performance bonus or royalties. Also, the contract modification rarely occurs, and the contract price finally confirmed by a customer upon completion of the project does not vary significantly from the original price. Trade receivables and contract assets expected to be recovered in one year or less, or within the time frame of the Group's normal business operating cycle, are classified as current asset.

### 3. Material Accounting Policies (Continued)

(s) Revenue recognition (Continued)

**(i) Revenue from contracts with customers (Continued)**

There is no material incremental cost of obtaining contracts of the Group.

Cost of sales incurred comprised costs of access flooring plates manufactured, including the direct materials, direct labour, depreciation and other manufacturing overheads, costs of delivery of the access flooring plates to the contract customers' premise(s) or location(s) designated by the customers, costs of installing the access flooring plates onto the properties of the customers and transportation costs for delivering the access flooring plates to the sites designated by the customers, if applicable, under the terms of the contracts.

The Group records contract liability for non-refundable advance payment from customers before transferring the access flooring plates to the customers and, if applicable, before installing the floor plates to the properties of the customers since there is still performance obligation to complete. The contract liabilities are recognised as revenue when control of the access flooring plates and/or the installation services are transferred to the customers.

**(ii) Interest income**

Interest income is recognised as it accrues using the effective interest method.

**(iii) Government grants and subsidies**

Government grants and subsidies are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Government grants and subsidies 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. Government grants and subsidies that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(t) 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. All other borrowing costs are expensed in the period in which they are incurred.

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

### 3. Material Accounting Policies (Continued)

(v) 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.

When 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.

(w) 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 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 entity.
- (v) The entity is a post-employment benefit plan for the benefit of the 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 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 management personnel services to the Group or to the Group's key 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.

### 3. Material Accounting Policies (Continued)

(x) 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.

### 4. Accounting Judgements and Estimation Uncertainties

(a) Accounting Judgement

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

**(i) Income tax**

Determining income tax provisions requires the Group to make judgements on the future tax treatment of certain transactions. The Group evaluates tax implications of transactions in accordance with prevailing tax regulations and make tax provisions accordingly.

Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgement on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax to be recovered.

Deferred tax liabilities are recognised for withholding tax levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. Significant management judgement is required to determine the amount of deferred tax liabilities that can be recognised, based upon the likely dividends declared. The directors' assessment is constantly reviewed and deferred tax liabilities are adjusted when the results of assessment change.

#### 4. Accounting Judgements and Estimation Uncertainties (Continued)

(b) Sources of Estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(i) **Revenue recognition – determination of performance obligations and the timing of satisfaction of performance obligations**

In making their judgements, the directors of the Company consider the detailed criteria for recognition of revenue set out in HKFRS 15 Revenue from Contract with Customers. In determining performance obligations, the directors of the Company, based on the terms under the contracts, consider whether the contract customer benefits from each performance obligation on its own and whether it is distinct in the context of the contract. The consideration of contracts with bundled performance obligations is split into and determined for each of performance obligations, i.e. supply of access flooring plates and provision of installation services, with reference to the standalone contracts for supply of access flooring plates or provision of installation services.

Revenue is recognised when the control of the access flooring plates or installation services are transferred by the Group to the contract customers.

For the contracts bundled with performance obligations of supply of access flooring plates and installation services, the directors of the Company have determined that performance obligations are satisfied over time, as by fixing the access flooring plates onto the customer's site properties, control of the installed access flooring plates and installation services are transferred to the customers over the time, which can either create or enhance the value of the site properties controlled by the customers or the customers simultaneously receive and consume the benefits when the Group performs over time. The determination of the progress of the contract work involves judgements. The Group recognises revenue based on the direct measurement of the quantities of access flooring plates having been delivered and installed onto the customers' properties by reference to progress status reports acknowledged either by the customers or their agents, and the installation reports issued by the third party suppliers of the installation services, which install the Group's access flooring plates onto the customers' properties. The customers will provide the final completion reports when their whole projects are completed. Based on the historic experience with similar projects, there was no material difference in the quantities of works performed by the Group (in terms of the quantities of access flooring plates having been delivered and installed onto the customers' properties) between the final completion reports issued by the customers, accumulated progress status reports acknowledged either by the customers or their agents, and the installation reports issued by the third party suppliers of the installation services.

For a sales contract with supply of access flooring plates only, control of the access flooring plates is transferred to and accepted by the customer which is taken at the point in time when (i) under a domestic sales contract, the customer accepts the delivery and takes physical possession of the access flooring plates from the Group, or (ii) under an export sales contract, the access flooring plates are delivered and loaded onto board of the vessels and the bills of lading are passed to the customers.

#### 4. Accounting Judgements and Estimation Uncertainties (Continued)

(b) Sources of Estimation uncertainties (Continued)

**(i) Revenue recognition – determination of performance obligations and the timing of satisfaction of performance obligations (Continued)**

In addition, when determining the transaction price, the Group considers factors such as whether there is any financing component. The Group considers whether the payment schedule is commensurate with the Group's performance and whether the delayed payment is for finance purpose. The Group does not consider the arrangement with the customers to have any significant financing component.

**(ii) Net realisable value of inventories**

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. These estimates used are based on the current market conditions and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to change in market conditions. Management reassesses these estimates at the end of each reporting period to ensure inventory is shown at the lower of cost and net realisable value.

**(iii) Impairment assessment for trade and other receivables and contract assets**

The Group determines the provision for impairment of trade and other receivables and contract assets (including retention monies receivable) on a forward-looking basis and lifetime ECLs are recognised from initial recognition of the assets. The provision matrix is determined based on the Group's historical observed bad debt rates on the contract assets, trade and bills receivables at each reporting period ended 31 December 2014 to 2023 and is adjusted for forward looking estimates. Other receivables are considered for 12-month ECLs unless there was significant increase in the credit risk of the debtors in which case, lifetime ECLs are recognised. Contract assets will be transferred to trade receivables when the contract work performed are satisfied by the customers, or in case of the retention monies receivable which are also included in contract assets, the warranty period expires when the customers are satisfied with the final quality of the access flooring plates transferred and/or installation performed, which is taken a point in time when the Group has unconditional right to receive payments from the customers under the contracts. The Group assesses that the contract assets (including the retention monies receivable) have substantially the same risk characteristics as the trade receivables for same types of contracts. In making the judgement, management considers available reasonable and supportive forward-looking information such as actual or expected significant changes in operating results and financial positions of the customers, past payment history of the customers, and actual or expected adverse changes in business, financial or economic conditions that are expected to cause a significant change in the customers' ability to settle their trade debts. At each reporting period end, the historical observed bad debt rates are updated and changes in the forward-looking economic conditions and estimates are analysed by the Group's management.

The assessment of the correlation among historical observed bad debt loss rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual bad debt loss in the future. The information about the ECLs on the Group's contract assets and trade and bills receivables is disclosed in note 20(b) to the consolidated financial statements.

#### 4. Accounting Judgements and Estimation Uncertainties (Continued)

(b) Sources of Estimation uncertainties (Continued)

**(iv) Depreciation and amortisation of property, plant and equipment**

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual values. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

**(v) Product warranty**

In some of the sales contracts made between the Group and its customers, there are warranty clauses for the access flooring plates, which were sold by the Group, and control of access flooring plates were passed to the customers over time (which is taken as when the access flooring plates are installed onto the customers' properties or possession of the access flooring plates are accepted by the customers) or at a point in time, for a specified period of time normally falling between 1 to 2 years, on a contract by contract basis, after the control of access flooring plates were transferred to the customers under the relevant sales contracts. Management of the Group considered that the warranty clauses only provide the customers with assurance that the access flooring plates will function as the Group and the customers, being parties to the contracts, intended in accordance with the agreed-upon specifications and accordingly, the warranty clauses do not provide the customers with a service in addition to assurance that the access flooring plates comply with agreed-upon specifications. There were no significant costs incurred in the past for those access flooring plates after sales during the warranty period and at 31 December 2025. Management of the Group was not aware of any events that would cause the Group to incur material amount for the future costs for the purpose of the warranty clauses of the sales contracts in respect of those access flooring plates sold to the customers.

## 5. Operating Segment Information

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has two reportable operating segments which are the manufacturing and sales of the following two product lines:

- Steel access flooring plates; and
- Calcium-sulfate access flooring plates.

### (a) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's most senior executive management, who are also the executive directors of the Company, monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

- Segment assets include all tangible and intangible assets and other current and non-current assets with exception of unallocated corporate assets. Segment liabilities include trade and bills payables, accruals and other payables, lease liabilities and bank borrowings attributable to each reporting segment, with the exception of unallocated corporate liabilities.
- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segments results represent profit or loss attributable to the reportable segments without allocation of certain administrative costs and directors' remuneration. Taxation and finance costs are not allocated to reportable segments. This is the measure reported to the Group's most senior executive management, who are also the executive directors of the Company, for the purpose of resources allocation and performance assessment.

## 5. Operating Segment Information (Continued)

### (a) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management, who are also the executive directors of the Company, for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 is set out below.

	Steel access flooring plates		Calcium-sulfate access flooring plates		Total	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Reportable segment revenue from external customers	113,827	177,315	75,891	80,473	189,718	257,788
Reportable segment gross profit	30,069	45,224	18,243	17,762	48,312	62,986
Reportable segment results	4,759	15,085	2,133	3,671	6,892	18,756
Other information:						
Other revenue and other net income/(loss):						
– Government subsidies	556	1,112	1,391	505	1,947	1,617
– Other interest income	371	385	4	241	375	626
– Net loss on disposal of property, plant and equipment	(95)	(56)	–	–	(95)	(56)
– Scrap sales	1,157	1,600	–	–	1,157	1,600
– Exchange gain, net	–	400	–	181	–	581
Depreciation and amortisation	2,143	2,237	4,563	4,383	6,706	6,620
Impairment of trade and bills receivables, net	6,307	9,691	2,806	3,198	9,113	12,889
Impairment/(reversal of impairment) of contract assets, net	1,371	(1,203)	774	(461)	2,145	(1,664)
Reportable segment assets	202,789	253,546	200,560	184,157	403,349	437,703
Additions to non-current segment assets during the year	913	791	10,352	9,921	11,265	10,712
Reportable segment liabilities	94,221	127,637	37,299	34,394	131,520	162,031

## 5. Operating Segment Information (Continued)

(b) Reconciliations of reportable segment revenue and profit or loss

	2025 RMB'000	2024 RMB'000
<b>Revenue</b>		
Reportable segment total revenue and consolidated revenue	<b>189,718</b>	257,788
<b>Profit or loss</b>		
Reportable segment results	<b>6,892</b>	18,756
Unallocated other revenue	<b>482</b>	138
Unallocated head office and corporate expenses	<b>(1,200)</b>	(1,436)
Unallocated finance costs	<b>(2,374)</b>	(3,165)
Consolidated profit before taxation	<b>3,800</b>	14,293

(c) Reconciliations of reportable assets and liabilities

	2025 RMB'000	2024 RMB'000
<b>Assets</b>		
Reportable segment assets	<b>403,349</b>	437,703
Unallocated head office and corporate assets	<b>61,272</b>	54,625
Consolidated total assets	<b>464,621</b>	492,328
<b>Liabilities</b>		
Reportable segment liabilities	<b>131,520</b>	162,031
Unallocated head office and corporate liabilities	<b>4,283</b>	5,304
Consolidated total liabilities	<b>135,803</b>	167,335

## 5. Operating Segment Information (Continued)

(d) Information about major customer

There was no major customer who contributed 10% or more of the total revenue of the Group for the years ended 31 December 2025 and 2024.

(e) Geographical information

The Group's operations are primarily located in the PRC. The non-current assets of the Group are primarily located in the PRC. Accordingly, no analysis by geographical basis is presented.

The following table sets out information about the geographical analysis of the Group's revenue based on the location of the Group's external customers.

	2025 RMB'000	2024 RMB'000
PRC	146,671	225,574
Hong Kong	1,174	–
Other countries and regions ( <i>note below</i> )	41,873	32,214
	<b>189,718</b>	257,788

*Note:* Other countries and regions mainly include The United Arab Emirates, The Republic of Uzbekistan, Taiwan and Singapore.

## 6. Revenue

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers by types of performance obligations:		
– Sales of access flooring plates	<b>180,778</b>	243,522
– Provision of installation services	<b>8,940</b>	14,266
	<b>189,718</b>	257,788
Analysis of revenue by types of contracts:		
– Supply of access floor plates and provision of installation services	<b>121,587</b>	199,939
– Supply of access floor plates	<b>67,894</b>	57,608
– Provision of installation services	<b>237</b>	241
	<b>189,718</b>	257,788

Set out below is an analysis of revenue recognised over time and at a point in time:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue recognised over time:		
– Sales of access flooring plates	<b>112,884</b>	185,914
– Provision of installation services	<b>8,940</b>	14,266
	<b>121,824</b>	200,180
Revenue recognised at a point in time:		
– Sales of access flooring plates	<b>67,894</b>	57,608
	<b>189,718</b>	257,788

## 7. Other Revenue and Other Net Income

	2025 RMB'000	2024 RMB'000
Other revenue:		
Bank interest income	468	125
Other interest income	375	626
	<b>843</b>	751
Other net income:		
Government subsidies ( <i>note below</i> )	1,947	1,617
Scrap sales	1,157	1,600
Net loss on disposal of property, plant and equipment	(95)	(56)
Exchange gain, net	–	581
Sundry income	14	13
	<b>3,023</b>	3,755
	<b>3,866</b>	4,506

*Note:* Government subsidies were received from the local government authorities in the PRC. There were no unfulfilled conditions attached to the subsidies received by the Group.

## 8. Finance Costs

	2025 RMB'000	2024 RMB'000
Interest on bank borrowings	2,324	2,855
Loss on derecognition of financial assets upon factoring without recourse	50	307
Unwinding of finance costs on lease liabilities	–	3
	<b>2,374</b>	3,165

## 9. Profit Before Taxation

Profit before taxation is stated at after charging/(crediting):

	2025 RMB'000	2024 RMB'000
Contract costs of goods sold and services rendered ( <i>note (a)</i> )	141,406	194,802
Depreciation of property, plant and equipment ( <i>note 15</i> )	5,872	5,799
Depreciation of right-of-use assets	–	56
Amortisation of land use rights ( <i>note 16</i> )	990	990
Impairment of trade and bills receivables ( <i>note 20(b)</i> )	9,113	12,889
Impairment/(reversal of impairment) of contract assets ( <i>note 19(a)</i> )	2,145	(1,664)
Impairment of contract assets and trade and bills receivables, net	11,258	11,225
Net loss on disposal of property, plant and equipment	95	56
Exchange loss, net	199	–
Auditor's remuneration	1,102	1,176
Short-term operating lease charges in respect of properties and land use rights	488	473
Staff costs, including directors' remuneration:		
– Salaries, wages and other benefits	16,454	16,215
– Contributions to defined contribution retirement plans	3,310	3,235
Total staff costs	19,764	19,450
Research and development expenses ( <i>note (b)</i> )	10,009	11,441

Notes:

(a) Contract costs of goods sold and services rendered

Included in the contract costs of goods sold and services rendered were the raw materials consumed of approximately RMB101,177,000 (2024: RMB135,168,000), staff costs of approximately RMB6,445,000 (2024: RMB7,408,000), installation costs of approximately RMB11,555,000 (2024: RMB16,357,000), transportation costs of approximately RMB9,908,000 (2024: RMB11,545,000), depreciation of property, plant and equipment of approximately RMB5,066,000 (2024: RMB5,178,000), which were included in the respective total amounts disclosed above for each type of these expenses.

(b) Research and development expenses

Included in the research and development expenses were raw materials consumed of approximately RMB4,756,000 (2024: RMB6,881,000), staff costs of approximately RMB2,795,000 (2024: RMB2,279,000) and depreciation of property, plant and equipment of approximately RMB468,000 (2024: RMB393,000), which were included in the respective total amounts disclosed above for each type of these expenses.

## 10. Income Tax

No provision for Hong Kong Profits Tax has been made as the Group has no taxable income derived in Hong Kong during the years ended 31 December 2025 and 2024.

The PRC Corporate Income Tax (“**CIT**”) has been provided at the statutory rate of 25% (2024: 25%). On 7 November 2019, JiaChen Floor was recognised by the relevant authorities as “High Technology Enterprise”. Accordingly, JiaChen Floor had been entitled to a preferential CIT rate of 15% for three years commencing on 1 January 2019. The qualification was renewed in 2025 and JiaChen Floor was entitled to enjoy preferential CIT rate of 15% for the period of three years from 2025.

According to applicable regulations prevailing in the PRC, dividends distributed by a company established in the PRC to foreign investors with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax. Under the double taxation arrangement between the PRC and Hong Kong, the relevant withholding tax rate applicable to the Group is reduced from 10% to 5% subject to the fulfilment of certain conditions. As set out in note 27(c), at 31 December 2025 and 2024, no provision for deferred tax is recognised with respect to the withholding tax on undistributed profits of JiaChen Floor as the Group can control the dividend policy of JiaChen Floor which has no plan to make dividend distribution in the foreseeable future.

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

	2025 RMB'000	2024 RMB'000
Current tax – PRC Corporate Income Tax – Charge for the year	1,664	4,020
Deferred tax – Reversal and origination of temporary differences ( <i>note 27(b)</i> )	(1,689)	(1,683)
	(25)	2,337

## 10. Income Tax (Continued)

(b) Reconciliation between actual income tax expense and profit before taxation at applicable tax rates:

	2025 RMB'000	2024 RMB'000
Profit before taxation	3,800	14,293
Notional tax on profit before taxation, calculated at the tax rates applicable in the jurisdictions concerned	1,269	3,855
Effect of preferential income tax policy in the PRC	(796)	(1,828)
Tax effect of non-deductible expenses	2,628	3,586
Tax effect of non-taxable income	(59)	(63)
Tax effect for deduction on qualifying research and development expenses	(1,378)	(1,530)
Tax effect of temporary differences recognised	(1,689)	(1,683)
Income tax (credit)/expense for the year	(25)	2,337

## 11. Directors' and Chief Executive's Remuneration

Directors' 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				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
<b>Executive directors</b>					
Mr. Shen Min ( <i>Chairman</i> )	–	360	50	–	410
Mr. Shen Minghui	–	360	60	142	562
Ms. Liu Hui	–	360	80	138	578
Mr. Zhu Wen (appointed on 17 October 2025)	–	61	–	14	75
<b>Independent non-executive directors</b>					
Mr. Xie Xing	110	–	–	–	110
Mr. Wang Li	110	–	–	–	110
Ms. Long Mei	110	–	–	–	110
	330	1,141	190	294	1,955

## 11. Directors' and Chief Executive's Remuneration (Continued)

	Year ended 31 December 2024				Total RMB'000
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions RMB'000	
<b>Executive directors</b>					
Mr. Shen Min ( <i>Chairman</i> )	–	240	–	–	240
Mr. Shen Minghui	–	300	50	75	425
Ms. Liu Hui	–	264	100	50	414
<b>Independent non-executive directors</b>					
Mr. Xie Xing	109	–	–	–	109
Mr. Wang Li	109	–	–	–	109
Ms. Long Mei	109	–	–	–	109
	327	804	150	125	1,406

No emolument was paid and payable to any of the directors of the Company and the five highest paid individuals of the Group, set out in note 12 below, as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 December 2025 and 2024. None of the directors of the Company and the five highest paid individuals of the Group waived or agreed to waive any emoluments for the years ended 31 December 2025 and 2024.

## 12. Emoluments of Five Highest Paid Individuals

Of the five highest paid individuals of the Group, four (2024: three) are the directors of the Company, whose emoluments are disclosed in note 11. The aggregate of the emoluments in respect of the other one (2024: two) is as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	550	777

## 12. Emoluments of Five Highest Paid Individuals (Continued)

The emoluments of the other one individual (2024: two individual) with the highest emoluments of the Group is within the following bands:

	2025 Number of individuals	2024 Number of individuals
Nil–RMB1,000,000	1	2

## 13. Dividends

The board of directors did not recommend the payment of any dividend in respect of the years ended 31 December 2025 and 2024.

## 14. Earnings Per Share

The calculation of the basic earnings per share for the years ended 31 December 2025 and 2024 are based on the following data:

	2025 RMB'000	2024 RMB'000
<b>Profit for the year attributable to the owners of the Company</b>	<b>3,789</b>	11,882
	'000	'000
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<b>1,000,000</b>	1,000,000

Basic earnings per share for the year ended 31 December 2025 amounted to RMB0.38 cents (2024: RMB1.19 cents) per share.

Diluted earnings per share is the same as basic earnings per share as there was no dilutive potential ordinary share of the Company outstanding during both years.

## 15. Property, Plant and Equipment

	Leasehold buildings	Leasehold improvement	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cost</b>							
At 1/1/2024	44,589	–	37,058	998	2,308	11,421	96,374
Additions	–	191	497	135	260	10,215	11,298
Disposals	–	–	(839)	(11)	(256)	–	(1,106)
Transfer	89	–	8,136	–	–	(8,225)	–
At 31/12/2024 and 1/1/2025	<b>44,678</b>	<b>191</b>	<b>44,852</b>	<b>1,122</b>	<b>2,312</b>	<b>13,411</b>	<b>106,566</b>
Additions	–	508	1,051	140	203	10,213	12,115
Disposals	–	–	(622)	–	–	–	(622)
Transfer	–	–	4,813	–	–	(4,813)	–
At 31/12/2025	<b>44,678</b>	<b>699</b>	<b>50,094</b>	<b>1,262</b>	<b>2,515</b>	<b>18,811</b>	<b>118,059</b>
<b>Accumulated depreciation and impairment</b>							
At 1/1/2024	8,340	–	14,925	870	2,056	–	26,191
Charge for the year	2,122	21	3,518	57	81	–	5,799
Written back on disposal	–	–	(432)	(10)	(243)	–	(685)
At 31/12/2024 and 1/1/2025	<b>10,462</b>	<b>21</b>	<b>18,011</b>	<b>917</b>	<b>1,894</b>	<b>–</b>	<b>31,305</b>
Charge for the year	2,122	53	3,479	80	138	–	5,872
Written back on disposal	–	–	(514)	–	–	–	(514)
At 31/12/2025	<b>12,584</b>	<b>74</b>	<b>20,976</b>	<b>997</b>	<b>2,032</b>	<b>–</b>	<b>36,663</b>
<b>Carrying amounts</b>							
At 31/12/2025	<b>32,094</b>	<b>625</b>	<b>29,118</b>	<b>265</b>	<b>483</b>	<b>18,811</b>	<b>81,396</b>
At 31/12/2024	34,216	170	26,841	205	418	13,411	75,261

Notes:

- (a) As at 31 December 2025, the carrying amount of leasehold buildings of approximately RMB4,734,000 (2024: RMB5,388,000) were pledged to a bank as security for the banking facilities granted to the Group as referred to in notes 26(a) and 30.
- (b) During the year ended 31 December 2025, depreciation expense was charged to “cost of sales”, “selling expenses” and “administrative expenses”, respectively as follow:

	2025 RMB'000	2024 RMB'000
Cost of sales	5,066	5,178
Selling expenses	6	6
Administrative expenses	800	615
	<b>5,872</b>	5,799

## 16. Land Use Rights

	2025 RMB'000	2024 RMB'000
Beginning of the year	46,190	47,180
Amortisation	(990)	(990)
End of the year	45,200	46,190

Notes:

- (a) All of the Group's land use rights are located in the PRC with the remaining leasehold period of 42 to 47 (2024: 43 to 48) years at 31 December 2025.
- (b) As at 31 December 2025, the carrying amount of land use rights of approximately RMB7,175,000 (2024: RMB7,348,000) was pledged to a bank as security for the banking facilities granted to the Group as referred to in notes 26(a) and 30.

## 17. Long-Term Deposits and Prepayments

	2025 RMB'000	2024 RMB'000
Prepayments for acquisition of property, plant and equipment	3,339	3,624

Note:

Prepayments for acquisition of property, plant and equipment were made in accordance with the payment terms as stipulated in the acquisition contract entered into between JiaChen Floor and an independent third party. Subsequent to 31 December 2025 and up to the date of the approval of these consolidated financial statements, all the prepayments for property, plant and equipment have been settled towards the purchase costs of the property, plant and equipment. The acquisition costs which are contracted but not provided for are included in commitments (note 31(b)).

## 18. Inventories

	2025 RMB'000	2024 RMB'000
Raw materials	11,726	15,880
Finished goods	37,042	27,566
	48,768	43,446

## 19. Contract Assets and Contract Liabilities

### (a) Contract assets

	2025 RMB'000	2024 RMB'000
Rights to consideration for obligations performed on contracts in progress	67,879	44,488
Retention receivables on completed contracts	8,821	10,094
	<b>76,700</b>	54,582
Less: allowance for impairment loss	<b>(5,506)</b>	(3,361)
	<b>71,194</b>	51,221
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and Bills Receivables" (note 20)	<b>189,812</b>	246,878

#### Notes:

- (i) The contract assets represent the Group's rights to consideration for access flooring plates and/or installation services transferred to the customers but the rights to payments are still conditional upon the quality and quantity checks by the customers on the installed access flooring plates transferred by the Group at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional.
- (ii) Retention receivables from the Group's access flooring plate installation business and are held by contract customers in order to provide customers with assurance that the Group will complete its obligations satisfactorily under the contracts. They are in general settled within a period ranging from 1 year to 2 years after the completion of the installation work as stipulated in the contracts or at the expiry date of the product assurance warranty period.
- (iii) The expected timing of recovery or settlement of contract assets as at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Within one year	112,245	135,896
More than one year	1,964	5,732
	<b>114,209</b>	141,628

The Group has assessed the impairment of its contract assets on an individual basis on the internal credit rating and aging of these balances which, in the opinion of the directors, had no significant increase in credit risk during the year. ECL is estimated based on historical observed default rates over the expected life of debtors and are adjusted for forward-looking information that is available without undue cost or effort. ECL rate of 7.18% (2024: 6.16%) has been provided on several credit deteriorated balances and ECL provision of RMB5,506,000 (2024: RMB3,361,000) was made for contract assets as at 31 December 2025.

The movement in the loss allowance for impairment of contract assets is as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	3,361	5,025
Impairment loss recognised/(reversal of impairment loss)	2,145	(1,664)
At end of year	<b>5,506</b>	3,361

## 19. Contract Assets and Contract Liabilities (Continued)

### (a) Contract assets (Continued)

Notes: (Continued)

- (iv) Movements of the contract assets, before allowance for lifetime ECLs, during the years ended 31 December 2025 and 2024 are as follows:

	2025 RMB'000	2024 RMB'000
Beginning of the year	54,582	85,974
Entitlement to considerations for contract performance obligations discharged for the year comprising:		
– Revenue recognised (exclusive of value-added tax) (note 6)	189,718	257,788
– Value-added tax on revenue recognised (see note below)	19,152	29,445
	208,870	287,233
Transferred to trade receivables when rights to payments became unconditional	(185,040)	(315,826)
Transferred to and offset by contract liabilities (note 19(b))	(1,712)	(2,799)
End of the year	76,700	54,582

Note:

During the years ended 31 December 2025 and 2024, the considerations of those contracts entered into between the Group and the customers in the PRC were subject to value-added tax (“VAT”), which are collected on behalf of the tax authorities and are excluded from the revenue recognised from performance obligations discharged by the Group, at the applicable rate at 13%.

The considerations of the export sales contracts entered into between the Group and foreign customers are not subject to the VAT.

### (b) Contract liabilities

The contract liabilities primarily relate to the advance considerations received from contract customers for the goods or services to be transferred by the Group.

The movements in contract liabilities are set out below:

	2025 RMB'000	2024 RMB'000
At beginning of year	2,532	3,468
Advance considerations received from customers	1,265	1,863
Revenue recognised that was included in the contract liabilities at the beginning of the year	(1,712)	(2,799)
At end of year	2,085	2,532

## 20. Trade and Bills Receivables

	2025 RMB'000	2024 RMB'000
Trade receivables	189,812	246,878
Bills receivables	8,106	5,621
	<b>197,918</b>	252,499
Less: allowance for impairment loss ( <i>notes (b) and (c)</i> )	<b>(59,712)</b>	(50,599)
	<b>138,206</b>	201,900

*Notes:*

- (a) An ageing analysis of the trade and bills receivables (net of allowance for impairment loss) as at 31 December 2025, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 month	30,010	52,430
1 to 3 months	14,403	55,843
3 to 6 months	12,995	15,568
6 to 9 months	11,878	3,737
9 to 12 months	8,053	20,441
1–2 years	42,661	42,301
Over 2 years	18,206	11,580
	<b>138,206</b>	201,900

The Group grants a credit period ranging from 60 to 365 days to its customers. The Group does not hold any collaterals as security for the trade and bills receivables at 31 December 2025 and 2024. The trade and bills receivables are non-interest bearing.

- (b) Recoverability assessment of contract assets and trade and bills receivables

The Group applies the simplified approach to provide for expected credit losses (“ECLs”) prescribed by the HKFRS 9 Financial Instruments, which permits the use of lifetime expected loss provision for contract assets and trade and bills receivables. To measure the lifetime ECLs on contract assets and trade and bills receivables, the Group categorised them based on their shared credit risk characteristics and ageing of current and past due days, evaluated their recoverability by reference to their payment history records with the Group using a provision matrix as adjusted for factors specific to the customers such as history and patterns of settlements from the customers, financial difficulties of the defaulted customers and other current conditions at the reporting period end, as adjusted for forward looking information, such as expected economic conditions by reference to the forecast of next year’s GDP in the PRC and subsequent settlements received from the customers after the respective reporting period ends.

Statistical regression model has been adopted to project the estimated lifetime ECL rates on each ageing band of contract assets and trade and bills receivables as at 31 December 2025 and 2024, based on co-efficient relationship of the actual bad debt rates on each ageing bands of contract assets and trade and bills receivables at each reporting period ended 31 December 2014 to 2025 (2024: 2014 to 2024) and the respective annual PRC GDP growth rates following each of these reporting period ends.

The estimates for ECL rates on contract assets and trade and bills receivables, which are based on the statistical regression model, are further adjusted after considering the status of the subsequent settlements received from the customers after the end of the reporting period and additional individual assessment if the relevant customers are defaulted in settlement.

## 20. Trade and Bills Receivables (Continued)

Notes: (Continued)

(b) Recoverability assessment of contract assets and trade and bills receivables (Continued)

Management of the Group has been closely monitoring the status of accounts owing by its customers during and after the years ended 31 December 2025 and 2024. Close contact with customers has been maintained to ensure there is no major issue arising from the payment process. Consideration would be given to the issuance of pre-action letters and the institution of legal proceedings against the relevant customers to recover outstanding amounts as well as penalty, liquidated damages and other expenses as permitted under the laws of the PRC, and consideration would also be given to the negotiations of new repayment schedules to recover the outstanding debts if necessary.

Set out below is the analysis of the calculation of the ECL rates on contract assets and trade and bills receivables at 31 December 2025, using the co-efficient factors between the bad debt loss rates and the annual PRC GDP growth rates which were derived from the statistical regression model, and adjusted after considering the additional individual assessment of status of subsequent settlements received from the customers and the financial difficulties of the defaulted customers:

	Coefficient of determination (R Squared), the proportion of the variance in the ECL rate that is predictable from the following year's PRC GDP growth rate *	Intercept for the linear following year's PRC GDP growth rate and actual bad debt loss rates at each reporting period end ** A %	Coefficient factor between following year's PRC GDP growth rate and actual bad debt loss rates at each reporting period end ** B	Estimated ECL rate at 31 December 2025, based on the regression model C=A+B*2026 GDP growth rate (-4.5%) *** C %	Applied ECL rate at 31 December 2025 after considering individual assessment of customers %
<b>Contract assets</b>	0.53	4.90	-0.4939	2.68	7.18****
<b>Trade and bills receivables</b>					
<b>Not yet due or current</b>	0.51	8.00	-0.8818	4.03	4.03
<b>Past due:</b>					
Within 1 month	0.67	13.57	-1.4160	7.20	7.20
1-3 months	0.71	21.50	-2.5709	9.93	9.93
3-6 months	0.43	9.88	-0.8149	6.21	13.42****
6-9 months	0.04	9.74	-0.1555	9.04	14.39****
9-12 months	0.50	24.92	-2.2369	14.86	32.69****
1-2 years	0.40	48.85	-3.8045	31.73	51.72****
Over 2 years	0.60	64.64	-4.7529	43.26	81.40****
Overall – Trade and bills receivables	0.58	21.33	-1.8219	13.13	30.17

**20. Trade and Bills Receivables (Continued)***Notes: (Continued)*

(b) Recoverability assessment of contract assets and trade and bills receivables (Continued)

- \* The coefficient of determination ranges from 0 to 1, representing 0% to 100% of the variation in the ECL rate at the reporting period end that can be explained by the following year's PRC GDP growth rate.
- \*\*  $Intercept = (\Sigma y)(\Sigma x^2) - (\Sigma x)(\Sigma xy)/n(\Sigma x^2) - (\Sigma x)^2$  and  $Coefficient\ factor = n(\Sigma xy) - (\Sigma x)(\Sigma y)/n(\Sigma x^2) - (\Sigma x)^2$ , where  $y$  is the ECL rate for contract assets and trade and bills receivables falling into each of the ageing bands at the reporting period end and  $x$  is the following year's PRC GDP growth rate.
- \*\*\* The initial official target GDP growth rate for 2026 is 4.5% as announced by the PRC government. The expected GDP growth rate for 2026 is considered to be reasonable by reference to the estimation of the credit analysts.
- \*\*\*\* ECL rate for each of the above ageing bands of trade and bills receivables of past due within 3–6 months, 6–9 months, 9–12 months, 1–2 years and past due over 2 years are adjusted after considering the status of subsequent settlements received after 31 December 2025 and additional individual assessment on the payment history and patterns of the customers falling into each of these respective ageing bands of trade and bills receivables and financial difficulties of the defaulted customers.
- \*\*\*\*\* ECL rate for contract assets are adjusted after considering the additional individual assessment on the payment history and patterns of the customers and financial difficulties of the defaulted customers.

The Group's customers are mainly large property developers and stated-owned enterprises with high credit rating and good past payment history with the Group.

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. At 31 December 2025, allowance for impairment loss on trade and bills receivables amounted to approximately RMB59,712,000 (2024: RMB50,599,000) was made.

	2025 RMB'000	2024 RMB'000
At beginning of year	50,599	37,710
Impairment loss recognised	9,113	12,889
At end of year (note (c)(ii))	59,712	50,599

## 20. Trade and Bills Receivables (Continued)

Notes: (Continued)

(b) Recoverability assessment of contract assets and trade and bills receivables (Continued)

During the year ended 31 December 2025, management of the Group has been continuing its efforts in chasing the trade debt collections from the customers while the overall economic performance and conditions in the PRC were experiencing an economic stagnation, as reflected by the actual 2025 PRC GDP growth rate being at 5.0% as compared to the actual 2024 PRC GDP growth rate being at 5.0%. The estimates for allowance for lifetime expected credit loss and bad debt loss rates on contract assets and trade and bills receivables at 31 December 2024 have been revised, after having considered the updated settlements on contract assets and trade and bills receivables totaling approximately RMB20,557,000 and RMB182,043,000, respectively, received from the Group's customers as follows:

	Gross carrying amount RMB'000	Lifetime ECL (previously reported) (note (c)(ii) below) RMB'000	Lifetime ECL (revised) RMB'000	Previously reported ECL rate (note (c)(ii) below) %	Revised lifetime ECL rate %	Over/(under) allowance for lifetime ECL RMB'000
<b>Contract assets</b>	54,582	3,361	5,270	6.16	9.66	(1,909)
<b>Trade and bills receivables</b>	252,499	50,599	46,676	20.04	18.49	3,923
<b>Not yet due or current</b>	115,170	3,457	2,029	3.00	1.76	1,428
<b>Past due</b>						
Within 1 month	6,199	412	1,317	6.64	21.25	(905)
1 to 3 months	9,880	934	1,322	9.45	13.38	(388)
3 to 6 months	21,778	3,371	2,133	15.48	9.79	1,238
6 to 9 months	31,280	5,025	5,443	16.07	17.40	(418)
9 to 12 months	23,416	5,669	5,101	24.21	21.78	568
1 to 2 years	19,065	9,577	9,485	50.23	49.75	92
Over 2 years	25,711	22,154	19,846	86.17	77.19	2,308

## 20. Trade and Bills Receivables (Continued)

Notes: (Continued)

- (c) The provision matrix is based on its historical observed bad debt rates, current conditions at the reporting period end as adjusted for factors specific to the customers such as history and patterns of settlements from the customers, financial difficulties of the defaulted customers and forward-looking estimates, such as expected economic conditions after the reporting period end. At the reporting period end, the provision matrix of historical observed bad debt rates and the forward-looking estimates are analysed and updated.
- (i) The matrix analysis of the Group's actual historic bad debt rates on the contract assets and trade and bills receivables at each of the reporting period ends of 2014 to 2024 (as updated for subsequent changes in estimates) and the expected rates for lifetime ECLs on contracts assets and trade and bills receivables at 31 December 2025 are as follows:

	Historical bad debt rates										Average historical bad debt rates	Estimated bad debt rates for lifetime ECL	
	at 31 December										at 31 December	at 31 December	
	2014	2015	2016	2017	2018	2019	2020*	2021*	2022*	2023*	2014 to 2023	2024**	2025
<b>Contract assets</b>	0.00%	0.00%	0.18%	1.43%	1.65%	2.13%	2.36%	4.24%	3.47%	5.23%	2.07%	9.66%	7.18%
<b>Trade and bills receivables</b>													
Not yet due or current	0.83%	1.12%	0.22%	1.20%	2.77%	4.17%	1.34%	5.25%	3.87%	11.16%	3.19%	1.01%	4.03%
Past due:													
Within 1 month	0.00%	1.27%	3.83%	3.02%	5.42%	8.87%	6.21%	12.96%	10.21%	3.53%	5.53%	5.64%	7.20%
1 to 3 months	0.00%	3.66%	4.49%	4.14%	6.20%	25.95%	5.73%	6.34%	3.93%	6.61%	6.71%	9.01%	9.93%
3 to 6 months	0.00%	0.85%	7.91%	3.69%	6.07%	12.74%	6.71%	3.18%	4.53%	5.97%	5.16%	6.16%	13.42%
6 to 9 months	0.00%	0.07%	7.68%	8.03%	9.26%	7.86%	15.05%	6.15%	24.64%	7.16%	8.59%	11.57%	14.39%
9 to 12 months	2.30%	1.44%	5.09%	7.60%	10.02%	13.69%	15.90%	22.61%	17.06%	27.33%	12.30%	11.53%	32.69%
1-2 years	25.62%	1.80%	4.79%	33.36%	16.46%	25.73%	23.23%	40.15%	29.89%	65.49%	26.65%	33.51%	51.72%
Over 2 years	8.07%	35.66%	31.41%	36.99%	25.53%	63.23%	35.93%	35.14%	42.66%	44.63%	35.93%	55.31%	81.40%
<b>Overall – Trade and bills receivables</b>	3.60%	6.38%	9.32%	6.12%	7.32%	10.69%	12.73%	11.82%	13.84%	18.61%	10.04%	12.15%	30.17%

\* ECL rates for 2020 to 2023 were updated for subsequent changes in estimates.

\*\* ECL rate for 2024 was updated for subsequent changes in estimates, excluding the addition institution of legal proceedings against the customers during 2025.

A lower estimated lifetime ECL rate on contract assets at 31 December 2025 at 7.18% (2024: 9.66%) was applied, after taking into account of several customers individually identified with significant financial difficulties at 31 December 2025.

The ECL rates on each of the ageing bands of trade and bills receivables at 31 December 2025 generally increased primarily attributable to the expected stagnation of the economic performance in the PRC in 2025 by reference to the actual official PRC GDP growth rate for 2025 at 5.0%, as compared to actual GDP growth rate of 5.0% for 2024.

In the opinion of the directors of the Company, the bad debt rates applied for the measurement of the lifetime ECLs of the Group's contract assets and trade and bill receivables at 31 December 2025 and 2024 are reasonable and adequate.



**21. Deposits, Prepayments and Other Receivables**

	2025 RMB'000	2024 RMB'000
Contract performance deposits ( <i>note (b)</i> )	328	358
Tender deposits ( <i>note (c)</i> )	1,098	1,103
Prepayments for purchases of raw materials ( <i>note (d)</i> )	1,029	4,089
Deposits paid for the acquisition of plant and machinery	110	110
Deposits paid for electricity and nature gas	971	663
Refundable security deposit paid ( <i>note (e)</i> )	175	175
Prepayments ( <i>note (f)</i> )	1,528	1,090
Rental deposits	124	169
Others – individually insignificant	2,312	1,844
	<b>7,675</b>	9,601
Allowance for 12 months expected credit losses: – Deposits paid for acquisition of plant and machinery	<b>(110)</b>	(110)
	<b>7,565</b>	9,491

*Notes:*

- (a) All of the above deposits, prepayments and other receivables, net of the allowance for ECLs, if any, are expected to be recovered or recognised as expenses within one year or repayable on demand.
- (b) When a contract is awarded by a customer to the Group, the Group is required to pay a contract performance deposit of approximately 10% of the contract sum as security for the Group's performance in accordance with the contract which is made between the Group and the customer. The contract performance deposits are refundable and will be refunded to the Group when the performance obligations promised in the contracts are completed by the Group. The contract performance deposits are not bearing interest and, in the opinion of the directors of the Company, are not intended and regarded as a financing arrangement to the contract customers. No provision for 12-month ECLs was recognised on these contract performance deposits during the years ended 31 December 2025 and 2024.
- (c) When the Group submits a bid in the tendering process, the Group is required to make a refundable tender deposit, which is specified on a tender by tender basis, to the prospective customer. The tender deposits will be refunded to the Group when the outcomes of the tenders are confirmed by the prospective customers. The tender deposits are not bearing interest and, in the opinion of the directors of the Company, are not intended and regarded as a financing arrangement made by the Group to the prospective customers. All the tender deposits paid for tender bids can be fully recoverable and no provision for 12-month ECLs was recognised during the years ended 31 December 2025 and 2024.
- (d) The prepayments for purchase of raw materials were paid to the independent suppliers in accordance with the relevant purchase contracts under which the raw materials were not yet delivered to the Group at 31 December 2025. No provision for impairment was recognised on these prepayments for purchase of raw materials during the years ended 31 December 2025 and 2024.
- (e) These refundable deposits were paid to local government as security for the construction of new factories on the two parcels of land acquired by the Group as referred to note 16.
- (f) The prepayments mainly comprised advanced payments for transportation and installation costs made to the independent service providers while the relevant services were not yet delivered to the Group.

## 22. Restricted Bank Deposits

Restricted bank balances were pledged as security for issuing commercial bills to suppliers. They are deposited with creditworthy banks with no recent history of default.

## 23. Cash and Cash Equivalents

	2025 RMB'000	2024 RMB'000
Cash at banks ( <i>note (a)</i> )	23,883	46,824
Time deposits ( <i>note (b)</i> )	30,000	–
	<b>53,883</b>	46,824
Denominated in:		
RMB	53,427	44,525
USD	27	24
HKD	404	2,228
Euro	20	42
SGD	5	5
Cash and cash equivalents	<b>53,883</b>	46,824

Notes:

- (a) The cash at banks carried interest at market rates within the range from 0.001% to 0.30% (2024: 0.30% to 0.35%) per annum for the year ended 31 December 2025. Cash at banks earns interest at floating rates on daily deposit rates. Short-term time deposits are placed for varying periods within a tenure of 3 months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are placed with creditworthy banks with no recent history of default.
- (b) Time deposits comprises bank deposit at prevailing marketing interest rate of ranging from 1.55% to 1.90% per annum.

There was no significant change in the credit risks on the cash at banks and time deposits and no provision for the 12 month-ECL was required at the reporting period end.

## 24. Trade Payables

	2025 RMB'000	2024 RMB'000
Trade payables	<b>37,368</b>	38,554

An ageing analysis of the trade payables as at 31 December 2025, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 month	<b>31,920</b>	29,492
1 to 3 months	<b>1,919</b>	4,486
3 to 6 months	<b>2,078</b>	3,434
Over 6 months	<b>1,451</b>	1,142
	<b>37,368</b>	38,554

Trade payables are non-interest bearing and have a credit term ranging from one to two months after invoice date.

## 25. Accruals and Other Payables

	2025 RMB'000	2024 RMB'000
Accounts payable for acquisition of property, plant and equipment	<b>3,090</b>	2,635
Accrued installation costs	<b>13,869</b>	17,908
Interest payable	<b>451</b>	451
Education and construction levies	<b>1,468</b>	1,372
Salaries and bonuses payable	<b>974</b>	1,069
Value-added tax payable	<b>5,116</b>	4,355
Other payables and accruals	<b>3,208</b>	3,468
	<b>28,176</b>	31,258

The carrying amounts of accruals and other payables at 31 December 2025 approximate their fair values. All of the accruals and other payables are non-interest bearing, expected to be settled within one year or repayable on demand.

## 26. Bank Borrowings

The analysis of the carrying amount of bank borrowings were as follows:

	2025 RMB'000	2024 RMB'000
<b>Repayable within 1 year:</b>		
Unsecured bank loans	39,990	8,990
Secured bank loans	–	42,000
Guaranteed bank loans	25,000	40,000
	<b>64,990</b>	90,990

At 31 December 2025, all bank borrowings were denominated in RMB and bearing interest at the rates ranging from 2.35% to 3.01% (2024: 2.80% to 3.45%) per annum.

Notes:

- (a) At 31 December 2025, bank borrowings totaling approximately RMBNil (2024: RMB42,000,000) were secured by the following land use rights and leasehold buildings of the Group:

	2025 RMB'000	2024 RMB'000
Land use rights	7,175	7,348
Leasehold buildings	4,734	5,388
	<b>11,909</b>	12,736

- (b) At 31 December 2025, bank borrowings of RMB25,000,000 (2024: RMB40,000,000) were jointly guaranteed by Mr. Shen and Ms. Zhang, spouse of Mr. Shen. Mr. Shen is executive director of the Company. In the opinion of the directors of the Group, the estimated fair value of the financial guarantee is insignificant and accordingly, it is not recognised in the Group's financial statements.
- (c) At 31 December 2025, the Group had bank borrowings facilities totaling approximately RMB139,000,000 (2024: RMB119,000,000), which were utilised to the extent of approximately RMB64,990,000 (2024: RMB90,990,000) and the Group's available unused credit facilities amounted to approximately RMB74,010,000 (2024: RMB28,010,000).

## 27. Income Tax in the Consolidated Statement of Financial Position

- (a) Taxation in the consolidated statement of financial position represents:

	2025 RMB'000	2024 RMB'000
Current tax payable:		
At the beginning of the year	3,267	1,824
Provision for the year	1,664	4,020
Tax paid during the year	(3,560)	(2,577)
Tax payable	<b>1,371</b>	3,267

## 27. Income Tax in the Consolidated Statement of Financial Position (Continued)

(b) Deferred tax assets recognised:

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

	<b>Provision for asset impairment</b> <i>RMB'000</i>	<b>Other temporary differences</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
At 1 January 2024	6,410	289	6,699
Credited to profit or loss	1,683	–	1,683
At 31 December 2024 and 1 January 2025	<b>8,093</b>	<b>289</b>	<b>8,382</b>
Credited to profit or loss	<b>1,689</b>	–	<b>1,689</b>
At 31 December 2025	<b>9,782</b>	<b>289</b>	<b>10,071</b>

(c) Deferred tax assets and liabilities not recognised:

At 31 December 2025 and 2024, potential deferred tax liabilities in respect of undistributed profits of PRC subsidiaries have not been provided as the Group can control the dividend policy of these subsidiaries in the PRC and these PRC subsidiaries of the Company have no plans to distribute profits that are subject to PRC dividend withholding tax in the foreseeable future.

As at 31 December 2025, the undistributed profits of JiaChen Floor, which is the key operating subsidiary of the Group in the PRC were approximately RMB173,235,000 (2024: RMB166,084,000) for which the potential deferred tax liabilities, in respect of withholding tax on dividends to be distributed by JiaChen Floor, of approximately RMB8,662,000 (2024: RMB8,304,000) have not been recognised. No deferred tax liability has been recognised in respect of these temporary differences because the Group can control the dividend policy of JiaChen Floor and there is no plan of declaring dividends by JiaChen Floor and accordingly, the Group can control the timing of the reversal of these temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Apart from the above, there were no other material unrecognised deferred tax assets and liabilities at 31 December 2025 and 2024.

## 28. Share Capital and Reserves

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

The Company

	Share capital		Reserves				Subtotal RMB'000	Total RMB'000
	HK\$'000	RMB'000	Share premium RMB'000	Capital reserve RMB'000	Contributed surplus RMB'000	Accumulated losses RMB'000		
					note 28(e)			
<b>At 1 January 2024</b>	10,000	8,856	154,249	11,155	62,183	(21,862)	205,725	214,581
Loss for the year	-	-	-	-	-	(3,318)	(3,318)	(3,318)
<b>At 31 December 2024 and 1 January 2025</b>	<b>10,000</b>	<b>8,856</b>	<b>154,249</b>	<b>11,155</b>	<b>62,183</b>	<b>(25,180)</b>	<b>202,407</b>	<b>211,263</b>
Loss for the year	-	-	-	-	-	(3,746)	(3,746)	(3,746)
<b>At 31 December 2025</b>	<b>10,000</b>	<b>8,856</b>	<b>154,249</b>	<b>11,155</b>	<b>62,183</b>	<b>(28,926)</b>	<b>198,661</b>	<b>207,517</b>

### (a) Share Capital

	Number of ordinary shares of HK\$0.01 each '000	Nominal value of ordinary shares HK\$'000	RMB'000
<b>Authorised capital:</b>			
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	5,000,000	50,000	44,280
<b>Issued capital:</b>			
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	1,000,000	10,000	8,856

The Company was incorporated in the Cayman Islands on 7 July 2017 as an exempted company with limited liability. The owners of the shares of the Company are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

### (b) Share premium

Under the Companies Act of Cayman Islands, the funds at the share premium account are distributable to the Company's shareholders, subject to the condition that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

## 28. Share Capital and Reserves (Continued)

(c) Capital reserve

The Group's capital reserve represented the gains arising from the transfer of certain entities, which were not related to the listing business of the Group, to Mr. Shen.

(d) Statutory reserve

In accordance with the PRC Company Law, certain subsidiaries of the Company which are domestic subsidiaries are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory reserve until the reserve reaches 50% of their respective registered capital. Subject to certain restrictions set out in the PRC Company Law, part of the statutory reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital of the relevant domestic subsidiaries.

(e) Contributed surplus

The contributed surplus of the Company represented the excess of the net assets of JiaChen Floor over the nominal value and share premium of the shares of the Company issued in exchange for a total of 99.01% of registered capital of JiaChen Floor which was indirectly transferred to the Company under the group reorganisation in 2018.

(f) Share option scheme

The Company has adopted a share option scheme pursuant to a resolution passed by the shareholders of the Company on 19 December 2019 for the purpose of granting share options to eligible participants as incentives or rewards for their contribution to the Company. The share option scheme shall be valid and effective for a period of ten years. No option had been granted or agreed to be granted by the Company under the share option scheme since its inception, at 31 December 2025 and 2024, and up to the date of approval of the consolidated financial statements.

## 29. Non-controlling Interests and Material Partially-owned Subsidiaries

At 31 December 2025, a total of 1% (2024: 1%) and 0.4648% (2024: 0.4648%) of the registered and paid-up capital of Changzhou Jintai and JiaChen Floor are held collectively by the Company's substantial shareholders, Mr. Shen, Mrs. Shen and Mr. Shen MH, respectively.

Changzhou Jintai, which is an indirect 99%-owned subsidiary of the Company and holds 46.38% of the registered and paid-up capital of JiaChen Floor at 31 December 2025 and 2024, has no material transactions and contributions to the operating results, cash flows, assets and liabilities of the Group for the years ended 31 December 2025 and 2024.

JiaChen Floor, being an indirect 99.5352%-owned subsidiary of the Company at 31 December 2025 and 2024, is the key operating entity of the Group during the years ended 31 December 2025 and 2024. Since the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows, consolidated statement of financial position of the Group for the years ended 31 December 2025 and 2024 were mainly represented by that of JiaChen Floor, the financial statements of JiaChen Floor for the years ended 31 December 2025 and 2024 are not separately disclosed.

### 30. Pledge of Assets

As at 31 December 2025, the following assets of the Group were pledged for the Group's bank borrowings and available unused credit facilities:

	2025 RMB'000	2024 RMB'000
Land use rights	7,175	7,348
Leasehold buildings	4,734	5,388
	<b>11,909</b>	12,736

### 31. Commitments

(a) Operating lease commitments

**The Group as lessee**

At 31 December 2025, the Group had total future minimum lease payments under non-cancellable operating leases in respect of its staff quarter falling due as follows:

	2025 RMB'000	2024 RMB'000
Within one year	181	222

(b) Capital commitments

Capital commitments outstanding at 31 December 2025 not provided for in the financial statements were as follows:

	2025 RMB'000	2024 RMB'000
Contracted but not provided for: – Property, plant and equipment	<b>11,888</b>	19,342

## 32. Related Party Transactions

During the year ended 31 December 2025 and up to the date of approval of the consolidated financial statements, the directors of the Company are of the view that the following entities and persons are related parties to the Group:

(a) Relationship

Name of the related parties	Relationship with the Company
Jiachen Investment Limited ("Jiachen Investment")	Being wholly owned by Mr. Shen, has directly held 27.26% of the issued capital of the Company at 31 December 2025 and at the date of approval of the consolidated financial statements.
Xinchen Investment Limited ("Xinchen Investment")	Being wholly-owned by Ms. Liu Hui, has directly held 23.14% of the issued capital of the Company at 31 December 2025 and at the date of approval of the consolidated financial statements.
Yilong Investment Limited ("Yilong Investment")	Being wholly-owned by Mr. Shen Minghui ("Mr. Shen MH"), has directly held 13.15% of the issued capital of the Company at 31 December 2025 and at the date of approval of the consolidated financial statements.
Mr. Shen	Sole beneficial owner of Jiachen Investment and an executive director of the Company.
Ms. Zhang	Spouse of Mr. Shen.
Mr. Shen MH	Sole beneficial owner of Yilong Investment and an executive director of the Company, son of Mr. Shen and Mrs. Shen.
Ms. Liu Hui	Sole beneficial owner of Xinchen Investment and an executive director of the Company, spouse of Mr. Shen MH.

### 32. Related Party Transactions (Continued)

(b) Amounts due to directors

	2025 RMB'000	2024 RMB'000
Ms. Liu Hui	1,592	455
Mr. Shen MH	221	279
	<b>1,813</b>	734

The amounts due are unsecured, interest free and have no fixed repayment terms.

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the directors of the Company as disclosed in note 11, the Group's highest paid employees as disclosed in note 12 and the senior management of the Group, are as follows:

	2025 RMB'000	2024 RMB'000
Director's fee	330	327
Salaries and other emoluments	1,993	1,629
Discretionary bonuses	234	167
Pension scheme contributions	337	156
	<b>2,894</b>	2,279

The above remuneration to key management personnel of the Group is included in "staff costs" (note 9).

### 33. Notes to the Consolidated Statement of Cash Flows

Reconciliation of liabilities arising from financing activities

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

	Financing activities		Total RMB'000
	Bank borrowings RMB'000 (note 26)	Lease liabilities RMB'000	
<b>At 1 January 2024</b>	90,990	93	91,083
<b>Changes from financing cash flows:</b>			
Proceeds from new borrowings	99,087	–	99,087
Repayment of borrowings	(99,087)	–	(99,087)
Payment of lease liabilities	–	(58)	(58)
Interest paid	(2,855)	(3)	(2,858)
Total changes from financing cash flows	(2,855)	(61)	(2,916)
<b>Other non-cash changes:</b>			
Interest expenses	2,855	3	2,858
Addition of lease liabilities	–	(35)	(35)
Total other non-cash changes	2,855	(32)	2,823
<b>At 31 December 2024 and 1 January 2025</b>	<b>90,990</b>	<b>–</b>	<b>90,990</b>
<b>Changes from financing cash flows:</b>			
Proceeds from new borrowings	<b>84,990</b>	–	<b>84,990</b>
Repayment of borrowings	<b>(110,990)</b>	–	<b>(110,990)</b>
Interest paid	<b>(2,324)</b>	–	<b>(2,324)</b>
Total changes from financing cash flows	<b>(28,324)</b>	–	<b>(28,324)</b>
<b>Other non-cash changes:</b>			
Interest expenses	<b>2,324</b>	–	<b>2,324</b>
Total other non-cash changes	<b>2,324</b>	–	<b>2,324</b>
<b>At 31 December 2025</b>	<b>64,990</b>	<b>–</b>	<b>64,990</b>

### 34. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
<b>Financial assets at amortised costs:</b>		
Trade and bills receivables	138,206	201,900
Deposits and other receivables	5,008	4,312
Restricted bank deposits and cash and cash equivalents	58,882	52,813
<b>Total financial assets</b>	<b>202,096</b>	259,025
<b>Financial liabilities at amortised costs:</b>		
Trade payables	37,368	38,554
Accruals and other payables	28,176	31,258
Amount due to a director	1,813	734
Bank borrowings	64,990	90,990
<b>Total financial liabilities</b>	<b>132,347</b>	161,536

### 35. Financial Risk Management and Fair Values

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

(a) Credit risk

The Group's credit risk is primarily attributable to its restricted bank deposits and cash and cash equivalents, trade and bills receivables and contract assets (including retention monies receivable), and deposits and other receivables. The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance.

The Group's customers in respect of supply and installation of access flooring plates primarily consist of companies with strong and reputable financial background. To manage this risk, management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management reviews regularly the recoverable amount of each of trade receivables and contract assets (including retention monies receivable) to ensure that adequate impairment provision is made for the irrecoverable amounts.

Restricted bank deposits and cash and cash equivalents held by the Group are mainly deposited in commercial banks with sound reputation and their credit risk is considered as low.

### 35. Financial Risk Management and Fair Values (Continued)

(a) Credit risk (Continued)

In order to minimise credit risk in respect of contract assets and trade and bills receivables and other receivables, the management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition are performed on each and major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group does not obtain collateral from customers.

In respect of contract assets and trade and bills receivables, the Group's exposures to credit risk is influenced mainly by the individual characteristics of each customer. Contract assets have substantially the same risk characteristics as the trade and bills receivables for the same types of the contracts. The Group's contract customers are mainly the famous and large property developers and large state-owned enterprises with high credit rating and their payment history with the Group are considered to be good. There are no material disputes or claims received from the customers and the Group considered that there has not been a significant change in credit quality of the customers. The default risk of the industry and country in which customers operate also has an influence on credit risk.

At 31 December 2025, 10% (2024: 7%) and 32% (2024: 26%) of the combined total of contract assets and trade and bills receivables were due from the Group's largest debtor and top five debtors, respectively.

**Maximum exposure and year-end staging**

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2025 and 2024. The amounts presented are net carrying amounts after provision for ECLs for financial assets.

### 35. Financial Risk Management and Fair Values (Continued)

(a) Credit risk (Continued)

#### Maximum exposure and year-end staging (Continued)

Maximum exposure and year-end staging as at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Contract assets	–	–	–	71,194	71,194
Trade and bills receivables	–	–	–	138,206	138,206
Financial assets included in deposits, prepayments and other receivables	5,008	–	–	–	5,008
Restricted bank deposits and cash and cash equivalents	58,882	–	–	–	58,882
	63,890	–	–	209,400	273,290

Maximum exposure and year-end staging as at 31 December 2024

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Contract assets	–	–	–	51,221	51,221
Trade and bills receivables	–	–	–	201,900	201,900
Financial assets included in deposits, prepayments and other receivables	4,312	–	–	–	4,312
Restricted bank deposits and cash and cash equivalents	52,813	–	–	–	52,813
	57,125	–	–	253,121	310,246

**35. Financial Risk Management and Fair Values (Continued)**

## (b) Liquidity risk

In the management of the liquidity risk, the Group regularly monitors and maintains its liquidity requirements and its compliance with lending covenants, if any, to ensure that it maintains sufficient reserves of cash and adequate committed line of funding from major financial institutions to meet its liquidity requirements in the short and long term.

All non-interest bearing financial liabilities of the Group are carried at amounts not materially different from their contractual undiscounted cash flow as these financial liabilities are with maturities within one year or repayable on demand at the end of the reporting period. Bank borrowings are repayable within one year from the end of reporting period.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date on which the Group can be required to pay.

	As at 31 December 2025					Carrying amount RMB'000
	Repayable on demand or within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Over 5 years RMB'000	Total contractual undiscounted cash flow RMB'000	
Trade payables	37,368	-	-	-	37,368	37,368
Accruals and other payables	28,176	-	-	-	28,176	28,176
Amount due to a director	1,813	-	-	-	1,813	1,813
Bank borrowings	65,615	-	-	-	65,615	64,990
	132,972	-	-	-	132,972	132,347

	As at 31 December 2024					Carrying amount RMB'000
	Repayable on demand or within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Over 5 years RMB'000	Total contractual undiscounted cash flow RMB'000	
Trade payables	38,554	-	-	-	38,554	38,554
Accruals and other payables	31,258	-	-	-	31,258	31,258
Amount due to a director	734	-	-	-	734	734
Bank borrowings	92,356	-	-	-	92,356	90,990
	162,902	-	-	-	162,902	161,536

Management believes that the Group's current cash on hand, expected cash flows from operations and available standby credit facilities from financial institutions will be sufficient to meet the Group's working capital requirements and repay its borrowings and obligations in the near future when they become due.

### 35. Financial Risk Management and Fair Values (Continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank deposits, cash at banks, lease liabilities and bank borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. The Group does not use financial derivatives to hedge against the interest rate risk. 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 net interest bearing liabilities (being interest-bearing financial liabilities less restricted bank deposits and cash at banks) at the end of the reporting period:

	As at 31 December			
	2025		2024	
	Effective interest rate	Amount RMB'000	Effective interest rate	Amount RMB'000
<b>Fixed rate instruments:</b>				
Bank borrowings (note 26)	2.35%–3.01%	64,990	2.80%–3.45%	90,990
Less: Restricted bank deposits (note 22)	0.30%	(4,999)	0.30%–1.45%	(5,989)
Cash at banks (note 23)	0.001%–0.3%	(23,883)	0.30%–0.35%	(46,824)
Time deposits (note 23)	1.55%–1.9%	(30,000)	N/A	–
<b>Total net interest-bearing borrowings</b>		<b>6,108</b>		<b>38,177</b>

(ii) Sensitivity analysis

As at 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB202,000 for the year ended 31 December 2025 (2024: RMB325,000).

The sensitivity analysis has been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the amounts of interest-bearing borrowings outstanding at the end of the reporting period being outstanding for the whole reporting period. The analysis is performed on the same basis for 2024.

**35. Financial Risk Management and Fair Values (Continued)****(d) Currency risk**

The Group is exposed to currency risk primarily through sales and from financial instruments that are denominated in a foreign currency i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars (“**US\$**”) and Hong Kong dollars (“**HK\$**”). At present, the Group has no hedging policy with respect to its foreign exchange exposure.

**(i) Exposure to currency risk**

The following table details the Group’s major exposure at the end of reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the reporting period end date. Differences resulting from the translation of the financial statements of non-PRC group entities into the Group’s presentation currency are excluded.

	<b>Exposure to foreign currencies (expressed in Renminbi)</b>	
	<b>2025 RMB’000</b>	<b>2024 RMB’000</b>
<b>Exposure to US\$</b>		
Trade and other receivables	9,687	4,722
Cash and bank balances	27	24
<b>Exposure to HK\$</b>		
Trade and other receivables	295	–
Cash and bank balances	404	2,228
Trade and other payables	(2,694)	(1,761)
<b>Exposure to SGD</b>		
Cash and bank balances	20	42
<b>Exposure to EURO</b>		
Cash and bank balances	5	5
	<b>7,744</b>	<b>5,260</b>

**(ii) Sensitivity analysis**

As at 31 December 2025, it is estimated that a general increase/decrease of 5% in foreign exchange rate, with all variables held constant, would have increased/decreased the Group’s profit after tax and retained profits by approximately RMB330,000 for the year ended 31 December 2025 (2024: RMB184,000).

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period. The analysis has been performed on the same basis for 2024.

### 35. Financial Risk Management and Fair Values (Continued)

(e) Concentration risk

During the year ended 31 December 2025, the contributions of Group's largest customer and top five customers to the Group's revenue are as follows:

	Top Five Customers %	Largest Customer %
For the years ended 31 December:		
– 2025	29.44	9.21
– 2024	24.86	6.17

If the largest customer or the top five customers terminate their business relationships with the Group and the Group fails to find new customers, it may have adverse impact on the Group's financial position and results of operations. Therefore, the Group's management keeps closely monitoring transactions with these major customers.

(f) Capital risk management

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the Group consists of equity, lease liabilities and bank borrowings. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce borrowings. The Group monitors capital on the basis of debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents and restricted bank deposits. The debt-to-equity ratio as at 31 December 2025 and 2024 were as follows:

	2025 RMB'000	2024 RMB'000
Bank borrowings	64,990	90,990
Less: Cash and cash equivalents and restricted bank deposits	(58,882)	(52,813)
Net debt	6,108	38,177
Total equity	328,818	324,993
Debt-to-equity ratio	1.86%	11.75%

Neither the Company nor the Group is subject to externally imposed capital requirements.

**35. Financial Risk Management and Fair Values (Continued)**

## (g) Fair values measurement

The carrying amounts of all financial assets and liabilities carried at cost or amortised cost approximate their respective fair values as at 31 December 2025 and 2024.

**36. Company Level Statement of Financial Position**

	<i>Notes</i>	<b>2025</b> <i>RMB'000</i>	<i>2024</i> <i>RMB'000</i>
<b>Non-current assets</b>			
Interests in subsidiaries	2	<b>215,040</b>	215,040
<b>Current assets</b>			
Amount due from a subsidiary		<b>18</b>	18
Prepayments		<b>295</b>	–
Cash and cash equivalents		<b>403</b>	2,228
		<b>716</b>	2,246
<b>Total assets</b>		<b>215,756</b>	217,286
<b>Current liabilities</b>			
Accruals and other payables		<b>1,102</b>	1,306
Amount due to a subsidiary		<b>5,545</b>	4,262
Amount due to a director	32(b)	<b>1,592</b>	455
		<b>8,239</b>	6,023
<b>Net current liabilities</b>		<b>(7,523)</b>	(3,777)
<b>Net assets</b>		<b>207,517</b>	211,263
<b>Capital and reserves</b>			
Share capital	28(a)	<b>8,856</b>	8,856
Reserves		<b>198,661</b>	202,407
<b>Total equity</b>		<b>207,517</b>	211,263

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

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

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

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

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

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

## FINANCIAL SUMMARY

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
<b>RESULTS</b>					
Revenue	<b>189,718</b>	257,788	235,248	227,270	274,920
Gross profit	<b>48,312</b>	62,986	44,740	43,064	62,463
Profit before taxation	<b>3,800</b>	14,293	6,423	11,604	27,955
Income tax credit/(expense)	<b>25</b>	(2,337)	(488)	(857)	(3,271)
Profit and total comprehensive income for the year	<b>3,825</b>	11,956	5,935	10,747	24,684
Attributable to:					
Owners of the Company	<b>3,789</b>	11,882	5,890	10,683	24,542
Non-controlling interests	<b>36</b>	74	45	64	142
	<b>3,825</b>	11,956	5,935	10,747	24,684
<b>ASSETS AND LIABILITIES</b>					
Total assets	<b>464,621</b>	492,328	483,130	447,816	428,056
Total liabilities	<b>(135,803)</b>	(167,335)	(170,093)	(140,714)	(131,701)
Non-controlling interests	<b>(1,519)</b>	(1,483)	(1,409)	(1,364)	(1,300)
Equity attributable to owners of the Company	<b>327,299</b>	323,510	311,628	305,738	295,055