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Application Proof of

Yueyuan Group Holdings Company Limited

(the “Company”)

(incorporated in the Cayman Islands with limited liability)

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Yueyuan Group Holdings Company Limited

(incorporated in the Cayman Islands with limited liability)

[REDACTED]

Total number of [REDACTED] : [REDACTED] Shares (subject to the [REDACTED])
Number of [REDACTED] : [REDACTED] Shares (subject to re-allocation)
Number of [REDACTED] : [REDACTED] Shares (subject to re-allocation and the [REDACTED])
[REDACTED] : Not more than HK\$[REDACTED] per [REDACTED] and expected to be not less than HK\$[REDACTED] per [REDACTED], plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on [REDACTED] and subject to refund)
Nominal value : HK\$0.01 per Share
[REDACTED] : [•]

Sole Sponsor, [REDACTED], [REDACTED] and [REDACTED]



百惠金控 PATRONS

[REDACTED]

[•]

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Prior to making an investment decision, prospective investors should consider carefully all the information set out in this document, including risk factors set out in the section headed “Risk factors”. Pursuant to the [REDACTED] [REDACTED], the [REDACTED] (for itself and on behalf of the [REDACTED]) have the right in certain circumstances to terminate the obligations of the [REDACTED] [REDACTED] at any time prior to 8:00 a.m. (Hong Kong time) on the [REDACTED]. Further details of such circumstances are set out in the section headed “[REDACTED] – [REDACTED] arrangements and expenses – The [REDACTED] – Grounds for Termination”.

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Given that companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

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You should rely only on the information contained in this document to make your investment decision. Our Company, the Sole Sponsor, the [REDACTED], the Joint [REDACTED], the [REDACTED] and the [REDACTED] have not authorised anyone to provide you with information that is different from what is contained in this document.

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to invest in the [REDACTED]. There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in the section headed “Risk factors” in this document. You should read that section carefully before you decide to invest in the [REDACTED]. Various expressions used in this summary are defined in the section headed “Definitions and glossary of technical terms” in this document.

BUSINESS OVERVIEW

We are an established subcontractor specialising in curtain wall works based in Guangdong Province, the PRC, with over 31 years of operating history. Our curtain wall works involve the design, processing, assembling and installation of customised curtain walls for construction projects in the PRC. Curtain walls are non-load bearing building facades consisting of a mix of lightweight materials such as aluminum, glass, steel and stone hung on the structure of a building and designed to provide a building’s exterior with enhanced aesthetic appeal, improve energy efficiency and protect against external environmental factors such as wind, water, dirt, heat, coldness, noise and light. According to the Industry Report, the overall curtain wall work market is relatively fragmented and in 2025, the top 10 curtain wall companies in the PRC accounted for approximately 6.6% of total industry revenue. Our Group held an approximately 0.1% of market share by revenue in 2025.

We supply different types of curtain wall and ancillary other related articles including metal roof, exterior doors and windows and light-structural steel works which all form parts of the building facade as a combination under our curtain wall projects. We operate a production facility in Huizhou, Guangdong Province, the PRC, for processing customised curtain wall products and ancillary articles.

In June 2021, we initiated a collaborative project with Shenzhen University to develop a nano self-cleaning coating technique for our curtain wall products. As at the Latest Practicable Date, our Group had registered a total of five patents related to this technique in the PRC. According to the Industry Report, the photovoltaics curtain wall market in the PRC is projected to grow at a CAGR of 17.7% from 2026 to 2030. Since December 2023, in view of such industry demand, our Group collaborated on another project with Shenzhen University to develop photovoltaic curtain walls equipped with panels that generate electricity from solar energy. Leveraging this research and development, our Group has completed one curtain wall project with photovoltaic features during the Track Record Period, which serves as our foundation for expansion into the building-integrated photovoltaics market. As at the Latest Practicable Date, our Group had registered two patents and one software copyright, and applied for two patents related to photovoltaic features in the PRC. For further details, please refer to the paragraph headed “Business — Competitive strengths” in this document.

PROJECTS UNDERTAKEN DURING THE TRACK RECORD PERIOD

We mainly focus on the role of project management and supervision in carrying out the installation of our curtain wall products at the construction sites. We generally engage subcontractors to perform a substantial part of the installation works under our supervision. Our project management works mainly comprise (i) arranging site preparatory and preliminary works; (ii) engaging and supervising our subcontractors; (iii) maintaining regular communication with our customers; (iv) monitoring the implementation of installation works; (v) conducting site safety supervision and quality control; and (vi) developing detailed work schedule and work allocation plan. For FY2024, FY2025 and 3M2026, our subcontracting fees for our construction site works amounted to approximately RMB220.3 million, RMB163.6 million and RMB39.1 million, representing approximately 39.2%, 30.3% and 35.6% of our total purchase for the corresponding year/period, respectively.

Revenue by project sectors and types of development

We undertake curtain wall works in both public and private sector projects in the PRC. Our public sector projects primarily involve building developments which are financed by government entities, state-owned enterprises and state-invested enterprises. Our private sector projects mainly involve building developments financed by private property developers. During the Track Record Period, we were mainly engaged by the main contractor or the project owner of a project.

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The table below sets forth a breakdown of our revenue during the Track Record Period by reference to project sectors and types of development:

	FY2024			FY2025			3M2026		
	No. of projects	Revenue	% of total revenue	No. of projects	Revenue	% of total revenue	No. of projects	Revenue	% of total revenue
		RMB'000	%		RMB'000	%		RMB'000	%
Private sector									
– Commercial	62	208,821	31.5	27	274,603	43.8	13	28,239	22.1
– Residential	35	127,162	19.1	14	63,776	10.1	5	12,882	10.1
– Industrial	9	19,949	3.0	7	48,120	7.7	2	96	0.1
– Infrastructure and public facilities . . .	9	7,423	1.1	3	48,107	7.7	1	9,322	7.3
Sub-total	115	363,355	54.7	51	434,606	69.3	21	50,539	39.6
Public sector									
– Infrastructure and public facilities . . .	13	41,242	6.2	3	14,937	2.4	2	45,899	36.0
– Commercial	3	173,202	26.1	2	50,321	8.0	2	29,794	23.3
– Residential	2	86,006	12.9	1	127,297	20.3	1	1,352	1.1
– Industrial	1	856	0.1	0	—	0.0	0	—	0.0
Sub-total	19	301,306	45.3	6	192,555	30.7	5	77,045	60.4
Total	134	664,661	100.0	57	627,161	100.0	26	127,584	100.0

Revenue by geographical locations of our projects

All of our projects undertaken during the Track Record Period were situated in the PRC and a majority of our revenue was generated from projects located in the South China region particularly Guangdong Province. The table below sets forth a breakdown of our revenue by the geographical locations of our projects during the Track Record Period:

	FY2024		FY2025		3M2026	
	RMB'000	%	RMB'000	%	RMB'000	%
South China ^(Note 1)	558,927	84.1	461,853	73.6	108,332	85.0
East China ^(Note 2)	78,892	11.9	110,111	17.6	19,252	15.0
North China ^(Note 3)	26,842	4.0	55,197	8.8	—	0.0
Total	664,661	100.0	627,161	100.0	127,584	100.0

Notes:

1. South China mainly includes Henan (河南), Hubei (湖北), Hunan (湖南), Guangdong (廣東), Guangxi (廣西), Hainan (海南), Chongqing (重慶), Sichuan (四川), Guizhou (貴州), Yunnan (雲南) and Tibet (西藏).
2. East China mainly includes Shanghai (上海), Jiangsu (江蘇), Zhejiang (浙江), Fujian (福建), Anhui (安徽), Shandong (山東).
3. North China mainly includes Beijing (北京), Tianjing (天津), Hebei (河北), Shanxi (山西) and Inner Mongolia (內蒙古自治區), Jilin (吉林), Liaoning (遼寧), Heilongjiang (黑龍江), Shaanxi (陝西), Gansu (甘肅), Ningxia (寧夏), Qinghai (青海) and Xinjiang (新疆).

Gross profit and gross profit margin by project sectors

The table below sets forth the gross profit and gross profit margin of our projects by private and public sector during the Track Record Period:

	FY2024		FY2025		3M2026	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Private sector	27,158	7.5	57,753	13.3	2,266	4.5
Public sector	66,208	22.0	21,946	11.4	13,022	16.9
Total	93,366	14.0	79,699	12.7	15,288	12.0

Our gross profit margin for public sector projects was approximately 22.0%, 11.4% and 16.9% for FY2024, FY2025 and 3M2026, respectively. The relatively higher gross profit margin of approximately 22.0% for public sector projects during FY2024 was mainly attributable to Project No. #01, being our

SUMMARY

top project for FY2024. For FY2024, Project No. #01 generated revenue of approximately RMB171.1 million, representing approximately 25.7% of our total revenue during the corresponding year. In general, our Group incurs a relatively higher cost of materials for curtain wall processing works at the early stage of a project. Given Project No. #01 had approached a relatively advanced stage in terms of project implementation in FY2024, which contributed approximately RMB52.2 million gross profit resulting in a relatively higher gross profit margin attributable to Project No. #01. The decrease in gross profit margin to 12.7% in FY2025 was primarily due to Project No. #02 entering its peak material-intensive phase. For 3M2026, the Group incurred substantial raw material costs for Project No. #22, which typically yield lower margins.

Backlog

The following table sets out movement in the number of our projects during the Track Record Period and up to the Latest Practicable Date:

	FY2024	FY2025	3M2026	From 1 April 2026 up to Latest Practicable Date
Opening number of projects ^(Note 1)	38	52	48	38
Add: Number of new projects awarded to us ^(Note 2)	33	26	7	4
Less: Number of projects completed ^(Note 3)	(19)	(30)	(17)	—*
Ending number of projects ^(Note 4)	52	48	38	42

Notes:

* Assume no project completed for the period.

1. Opening number of projects means the number of awarded projects which were not completed as of the beginning of the relevant year/period indicated.
2. Number of new projects means the number of new projects awarded to us during the relevant year/period indicated. For purposes of the above calculation, projects which are extended due to variations orders occurring after the previous expected completion date are included as new projects.
3. Number of projects completed means the number of projects which are practically regarded as completed.
4. Ending number of projects is equal to the opening number of projects plus number of new projects minus number of projects completed during the relevant year/period indicated.

The following table sets out the movement in the value of backlog of our projects during the Track Record Period and up to the Latest Practicable Date:

	FY2024	FY2025	3M2026	From 1 April 2026 up to Latest Practicable Date
	RMB'000	RMB'000	RMB'000	RMB'000
Opening value of backlog as at the beginning of the relevant year/period .	701,641	754,620	440,997	770,166
Add: Total value of variation orders, original estimated contract sum of projects awarded ^(Note 1) and actual work orders received on re-measurement basis	717,640	313,538	456,753	250,861
Less:				
Total revenue recognised during the relevant year/period	(664,661)	(627,161)	(127,584)	—*
Ending value of backlog to be carried forward to next year/period ^(Note 2)	754,620	440,997	770,166	1,021,027

Notes:

* Assume no project completed for the period.

1. Total value of original estimated contract sum of projects awarded means the original estimated contract sum of new projects awarded.
2. Ending value of backlog means the portion of the total estimated revenue that has not been recognised with respect to our projects which had not been completed as at the end of the relevant year/period indicated.

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PRODUCTION FACILITY

We operate our production facility for processing customised curtain wall products and ancillary articles including metal roof, exterior doors and windows and light-structural steel works with a production volume of up to 944,500 m² annually. For FY2024, FY2025 and 3M2026, the utilisation rate of our production facility was approximately 89.5%, 77.2% and 65.4%, respectively. For details in relation to the utilisation rates of our production facility during the Track Record Period, please refer to the section headed “Business — Production facility — Utilisation rates” in this document.

As at the Latest Practicable Date, we have entered into lease agreements (the “**Lease Agreement(s)**”) in the PRC in relation to (i) a lease of the property for production facility with gross floor area of approximately 6,543.6 sq.m. (the “**Leased Property No. 1**”) for a term of seven years and five months; and (ii) a lease of the property for production facilities with gross floor area of approximately 750 sq.m. in aggregate and 17 dormitory units (the “**Leased Property No. 2**”, together with the Leased Property No. 1, collectively the “**Leased Properties**”) for a term of seven years and five months.

To the best of our Directors’ knowledge and as advised by our PRC Legal Advisers, as at the Latest Practicable Date, the Leased Properties failed to obtain (i) building ownership certificates (房屋產權證); (ii) construction planning permit (建設工程規劃許可證); and (iii) construction permit (施工許可證). In the unlikely event of forced relocation, we plan to migrate our operations by relocating to other leased property(ies) in phases to mitigate the risks of complete suspension in our curtain wall processing works and to minimise any potential adverse impact brought by the relocation. Please refer to the section headed “Business — Properties — Leased properties which are subject to title defects” in this document.

OUR CUSTOMERS

During the Track Record Period, we were mainly engaged by the main contractor or the project owner of a project. For FY2024, FY2025 and 3M2026, the percentage of our total revenue attributable to our top customer for each year/period during the Track Record Period amounted to approximately 25.7%, 24.2% and 36.0% for the respective year/period, while the percentage of our total revenue attributable to our top five customers for each year/period during the Track Record Period combined amounted to approximately 59.8%, 60.6% and 88.0%, for the respective year/period. For details, please refer to the section headed “Business — Our customers — Top customers” in this document.

OUR SUPPLIERS

The principal types of materials used for our curtain wall processing include glass, steel, aluminum, stone and hardware materials. Suppliers of goods and services which are specific to our business and are required on a regular basis to enable us to continue carrying on our business mainly include (i) suppliers of materials such as glass, steel, aluminum, stone and hardware materials; (ii) subcontractors of site works; (iii) suppliers of machinery rental services; and (iv) suppliers of other miscellaneous services such as testing and transportation services.

For FY2024, FY2025 and 3M2026, the percentage of our total purchases from our top supplier for each year/period during the Track Record Period amounted to approximately 8.5%, 8.2% and 16.4% for the respective year/period, while the percentage of our total purchases from our top five suppliers for each year/period during the Track Record Period combined amounted to approximately 32.3%, 39.7% and 52.2% for the respective year/period.

The table below sets forth a breakdown of our total purchase, which represents our cost of sales excluding direct labour costs and depreciation, during the Track Record Period by type of goods and services provided by our suppliers:

	FY2024		FY2025		3M2025		3M2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Materials	328,035	58.4%	364,855	67.7%	59,480	54.3%	67,001	61.2%
Subcontracting of site works	220,306	39.2%	163,554	30.3%	47,379	43.2%	39,065	35.6%
Rental of machinery	7,035	1.3%	4,535	0.8%	863	0.8%	884	0.8%
Other direct costs ^(Note)	6,171	1.1%	6,266	1.2%	1,855	1.7%	2,667	2.4%
Total	561,547	100.0%	539,210	100.0%	109,577	100.0%	109,617	100.0%

Note: Other direct costs mainly included subcontracting of curtain wall processing works, testing and transportation services.

SUMMARY

LICENCES, QUALIFICATIONS AND PERMITS

We have been granted several engineering-related certifications and qualifications, including (i) Building Architectural Curtain Wall Engineering Design (Grade A) (建築幕牆工程設計專項甲級); (ii) Building Decoration Engineering Design (Grade A) (建築裝飾工程設計專項甲級); (iii) Professional Contracting for Architectural Curtain Wall Engineering (Grade I) (建築幕牆工程專業承包一級); (iv) Professional Contracting for Building Renovation and Decoration Engineering (Grade I) (建築裝修裝飾工程專業承包一級); (v) Professional Contracting for Steel Structure Engineering (Grade II) (鋼結構工程專業承包二級); (vi) Light Steel Structure Engineering Design (Grade B) (輕型鋼結構工程設計專項乙級); and (vii) Permit for electric installation (maintenance, testing): Level 3 qualification for installation, maintenance and testing (承裝(修、試)電力設施許可證：承裝類三級、承修類三級、承試類三級). For further details, please refer to the section headed “Business — Licences, qualifications and permits” in this document.

COMPETITIVE LANDSCAPE AND COMPETITIVE STRENGTHS

According to the Industry Report, in 2025, the curtain wall industry in the PRC is fiercely competitive, with more than 8,000 market participants. The market is progressively differentiated as the requirement for architectural curtain wall companies in terms of technology, performance, capital, management, and other comprehensive strengths increase in tandem with the growing number and volume of curtain wall projects. However, most of the iconic and crucial curtain wall projects are contracted by leading curtain wall enterprises. In 2025, the top 10 curtain wall work contractors in the PRC account for approximately 6.6% of the total market share in terms of total revenue from curtain wall work, which indicates the overall curtain wall work market is relatively fragmented. Our Group held an approximately 0.1% of market share by revenue in 2025.

We strive to differentiate ourselves from our competitors. We believe that our competitive strengths include: (i) we have an established track record in the curtain wall industry in the PRC; (ii) we are capable of providing integrated curtain wall solutions; (iii) we possess research and development capabilities to develop curtain wall products with technical and eco-friendliness features; (iv) we implement stringent quality control management to ensure a high quality standard; (v) industry knowledge, experience and technical know-how of our management team; and (vi) we have a stable relationship with our customers which are primarily sizeable construction contractors and/or property developers in the PRC. For further details, please refer to the section headed “Business — Competitive strengths” in this document.

BUSINESS STRATEGIES

We intend to pursue the following key business strategies: (i) competing for curtain wall projects and expanding our market share; (ii) adhering to prudent financial management to ensure optimal finance costs and capital sufficiency; and (iii) strengthening our research and development capabilities to cater to our customers’ requirements in regards to eco-friendliness and photovoltaic features. For further details, please refer to the section headed “Business — Business strategies” in this document.

SALES AND MARKETING AND PRICING STRATEGY

Our business department is responsible for identifying potential projects through open tenders and invitation for tender from customers, keeping track of government websites and other tendering platforms to identify projects suitable for tender, maintaining customer relationships, handling public relations, conducting evaluation on our customers, conducting market research and formulating our overall sales and marketing policy.

Our Directors consider that due to our proven track record and our relationship with existing customers, we are able to leverage our existing customer base and our reputation in the curtain wall industry in the PRC, such that we do not rely heavily on marketing activities other than promoting our Group through our corporate website as well as liaising with existing and potential customers from time to time for relationship building and management.

Our pricing is generally determined based on certain mark-up over our estimated costs. The tender documents provided by our customers may prescribe a ceiling price of tender based on a list of items and works for the completion of the project. As an industry practice, our tender price is usually set below such ceiling price of tender. Our tender pricing is determined on a case-by-case basis having regard to various factors, which generally include (i) the scope of services; (ii) the complexity of the

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project; (iii) the price trend of the types of materials, subcontracting services and machinery rental services required; (iv) our available production capacity; (v) completion time requested by customers; and (vi) the availability of our labour and financial resources.

RISK FACTORS

Potential investors are advised to carefully read the section headed “Risk factors” in this document before making any investment decision in the [REDACTED]. Some of the more particular risk factors include the following: (i) our revenue is mainly derived from projects from our major customers which are non-recurring in nature and there is no guarantee that our customers will provide us with new businesses; (ii) we are susceptible to the market conditions, the performance of the construction and real estate industries and the relevant government policies in the PRC; (iii) our tender success rate and financial performance may be affected by our business strategy in tendering for more public sector projects; (iv) we are subject to credit risk in relation to the collectability of our trade receivables and contract assets; (v) failure to complete our projects on a reliable and timely basis could materially affect our reputation, our financial performance or may subject us to claims; (vi) any material inaccurate cost estimation or cost overruns may adversely affect our financial results; (vii) potential mismatch in time between receipt of progress payments from our customers, payment of project up-front costs, and payments to our suppliers may adversely affect our cash flows. For details, please refer to the section headed “Risk Factors” in this document, which you should read carefully and in full before you decide to invest in our shares.

KEY OPERATIONAL AND FINANCIAL DATA

The following tables set forth our key operational and financial data during the Track Record Period.

Combined statements of profit or loss and other comprehensive income

	FY2024	FY2025	3M2025	3M2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	664,661	627,161	126,934	127,584
Cost of sales	(571,295)	(547,462)	(111,689)	(112,296)
Gross profit	93,366	79,699	15,245	15,288
Other income and losses	2,193	881	519	163
Selling expenses	(1,058)	(1,030)	(240)	(203)
Administrative expenses	(59,706)	(52,969)	(10,402)	(13,970)
(Provision for)/reversal of impairment losses on trade and other receivables and contract assets	(12,492)	(2,034)	5,426	4,604
Finance costs	(4,619)	(3,553)	(1,438)	(608)
Profit before taxation	17,684	20,994	9,110	5,274
Income tax expense	(535)	(1,655)	(1,869)	(193)
Profit and total comprehensive income for the year/period	17,149	19,339	7,241	5,081
Profit and total comprehensive income for the year/period attributable to:				
Owners of the Company	16,129	18,189	6,811	4,779
Non-controlling interests	1,020	1,150	430	302
	17,149	19,339	7,241	5,081

For FY2025, our Group’s revenue decreased by approximately RMB37.5 million or 5.6% mainly due to (i) Project No. #02, being one of our top projects for both FY2024 and FY2025 involving a public sector residential development project with increase amount of works performed in FY2025 as compared to FY2024 due to substantial completion of the project in FY2025; (ii) substantial amount of works performed in FY2025 for Project No. #07, being a private sector school renovation project which generated approximately RMB43.2 million in revenue for FY2025, Project No. #08, a private sector commercial development project which generated approximately RMB34.9 million in revenue for FY2025, and Project No. #13, a private sector commercial development project which generated approximately RMB31.9 million in revenue for FY2025. On the other hand, the Group’s revenue generated from public sector decreased by approximately RMB108.8 million or 36.0% from FY2024 to FY2025. Such decrease was mainly due to Project #01, a public sector commercial development project

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located in Shenzhen which experienced a reduction in work volume in FY2025 as the project neared completion. Revenue generated from this project for FY2024 was approximately RMB171.1 million as compared to RMB46.4 million for FY2025.

Our revenue for 3M2026 increased by approximately RMB0.7 million or 0.5% as compared to 3M2025. This stable revenue performance was primarily characterized by a significant shift in sector contribution, with public sector revenue experiencing substantial growth. This growth was driven by the active execution of Project #09, which contributed RMB45.9 million, representing 36.0% of our total revenue for 3M2026. This increase in public sector revenue was offset by a decrease in private sector revenue, which occurred because several large-scale private projects from the previous period had neared completion or were completed. This decline was only partially offset by ongoing private sector work, such as Project #08, which contributed RMB16.1 million, representing 12.7% of our total revenue for 3M2026.

For FY2024, FY2025, 3M2025 and 3M2026, our profit and total comprehensive income amounted to approximately RMB17.1 million, RMB19.3 million, RMB7.2 million and RMB5.1 million, respectively, and our net profit margin was approximately 2.6%, 3.1%, 5.7% and 4.0% for the respective years/period.

Our profit and total comprehensive income increased by approximately RMB2.2 million from FY2024 to FY2025 mainly due to the decrease in administrative expenses and the decrease in provision for impairment losses on trade and other receivables and contract assets, partially offset by the decrease in gross profit.

Highlights of our combined statements of financial position

	As at 31 December		As at
	2024	2025	31 March 2026
	RMB'000	RMB'000	RMB'000
Non-current assets	26,200	24,850	24,311
Current assets	1,126,694	1,198,440	1,258,783
Non-current liabilities	11,116	9,703	9,332
Current liabilities	761,689	814,159	869,253
Net current assets	365,005	384,281	389,530
Net assets	380,089	399,428	404,509

Our net current assets increased from approximately RMB365.0 million as at 31 December 2024 to approximately RMB384.2 million as at 31 December 2025. The increase in our net current assets was mainly due to the increase in current assets by approximately RMB71.7 million or 6.4%, in particular, the increase in contract assets by approximately RMB104.6 million. Such increase was partially offset by the increase in current liabilities by approximately RMB52.5 million or 6.9%.

Our net current assets further increased to approximately RMB389.5 million as at 31 March 2026. The increase in our net current assets was mainly due to the increase in current assets by approximately RMB60.3 million or 5.0%, in particular, the increase in contract assets by approximately RMB54.2 million. Such increase was partially offset by the increase in current liabilities by approximately RMB55.1 million or 6.8%.

As at 30 April 2026, being the latest practicable date for ascertaining our net current assets position, our net current assets further increased to approximately RMB390.7 million.

Highlights of combined statements of cash flows

	FY2024	FY2025	3M2025	3M2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net cash generated from operating activities	38,741	10,600	4,255	996
Net cash generated from investing activities	56	3,224	3,221	2
Net cash used in financing activities	(33,105)	(13,630)	(10,282)	(9,151)
Net increase/(decrease) in cash and cash equivalent . .	5,692	194	(2,806)	(8,153)
Cash and cash equivalents at beginning of the year/period	2,534	8,226	8,226	8,420
Cash and cash equivalents at end of the year/period . .	8,226	8,420	5,420	267

SUMMARY

For FY2024, we recorded profit before taxation of approximately RMB17.7 million and net cash flows generated from operating activities of approximately RMB38.7 million, which was mainly resulted from the positive adjustment mainly due to (i) the increase in trade and other payables by approximately RMB173.9 million; (ii) decrease in restricted bank balance by approximately RMB28.1 million; (iii) provision for impairment losses on trade receivables of approximately RMB34.8 million; and (iv) decrease in contract assets by approximately RMB6.1 million; and partly offset by the negative adjustment mainly due to (i) increase in trade and other receivables by approximately RMB181.9 million; (ii) reversal of impairment losses on contract assets by approximately RMB19.0 million; and (iii) decrease in contract liabilities by approximately RMB24.3 million.

For FY2025 we recorded profit before taxation of approximately RMB20.9 million and net cash flows generated from operating activities of approximately RMB10.6 million, which was mainly resulted from the positive adjustment mainly due to (i) the increase in trade and other payables by approximately RMB227.0 million; (ii) the increase in contract liabilities by approximately RMB33.5 million; (iii) decrease in restricted bank balance by approximately RMB13.6 million; and partly offset by the negative adjustment mainly due to (i) increase in contract assets by approximately RMB240.4 million; (ii) increase in trade and other receivables by approximately RMB49.3 million.

For 3M2026 we recorded profit before taxation of approximately RMB5.3 million and net cash flows generated from operating activities of approximately RMB1.0 million, which was mainly resulted from the positive adjustment mainly due to (i) the increase in trade and other payables by approximately RMB67.4 million; (ii) increase in contract liabilities by approximately RMB5.6 million; and partly offset by the negative adjustment due to (i) increase in contract assets by approximately RMB66.1 million; and (ii) increase in trade and other receivables by approximately RMB6.6 million.

Key financial ratio

	FY2024 or as at 31 December 2024	FY2025 or as at 31 December 2025	3M2026 or as at 31 March 2026
Gross profit margin	14.0%	12.7%	12.0%
Net profit margin	2.6%	3.1%	4.0%
Return on equity	4.5%	4.8%	1.2%
Return on total assets	1.5%	1.6%	0.4%
Current ratio	1.5 times	1.5 times	1.4 times
Quick ratio	1.5 times	1.5 times	1.4 times
Gearing ratio ^(Note)	13.3%	10.4%	8.2%

Note: Gearing ratio is calculated as total borrowings (i.e. bank borrowings, lease liabilities and amount due to a director) divided by the total equity as at the respective reporting dates.

Our gearing ratio decreased from approximately 13.3% as at 31 December 2024 to approximately 10.4% as at 31 December 2025, which was mainly due to the decrease in bank borrowings during FY2025. Our gearing ratio subsequently further decreased to approximately 8.2% as at 3M2026. Such decrease was mainly because of the decrease in bank borrowings for 3M2026.

For further details of the key financial ratio, please refer to the section headed “Financial information — Key financial ratio” in this document.

CONTROLLING SHAREHOLDERS

Immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account any Share that may be allotted and issued upon exercise of the [REDACTED] or any option that may be granted under the Share Option Scheme), our Company will be owned by Diamond Soars and Reliable Profit, as to approximately [REDACTED] and [REDACTED], respectively. Diamond Soars is an investment holding company and is wholly owned by Mr. RQ Liu. Reliable Profit is an investment holding company and is wholly owned by Mr. CQ Liu. For the purpose of the GEM Listing Rules, Diamond Soars, Reliable Profit, Mr. RQ Liu and Mr. CQ Liu are the Controlling Shareholders.

[REDACTED]

On 9 August 2024, Shenglong Enterprise Management was established in the PRC as a Sino-foreign joint venture limited liability company with a registered capital of RMB1.0 million, and was owned as to 52.92%, 46.08% and 1% by Mr. RQ Liu, Mr. CQ Liu and Strength Corporation,

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respectively. As of the date of establishment of Shenglong Enterprise Management, Strength Corporation was indirectly wholly owned by Ms. Liu, the [REDACTED]. On 30 August 2024, Ms. Liu settled the consideration of RMB10,000 for the [REDACTED].

On 11 October 2024, 10,000 Shares were allotted and issued to Perfect Peach as the consideration for the acquisition of the entire issued share capital of Strength Corporation from Perfect Peach at the direction of Diamond Soars and Reliable Profit. Upon completion of the allotment, our Company was held by Diamond Soars, Reliable Profit and Perfect Peach, as to 52.92%, 46.08% and 1%, respectively. For further details, please refer to the section headed “History, Reorganisation and Corporate Structure — [REDACTED]” in this document.

LEGAL COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had been involved in certain non-compliance incidents relating to the laws and regulations in the PRC. We failed to make full contributions to the social insurance contributions and the housing provident fund contributions for employees as required under the relevant PRC laws and regulations during the Track Record Period, and our production facility was put into operation upon completion without the fire protection acceptance filing (消防驗收備案). For further details, please refer to the section headed “Business — Legal compliance” in this document.

LITIGATIONS AND CLAIMS

From time to time, we are involved in legal proceedings arising in the ordinary course of business involving, among other matters, service quality, personal injuries and payment disputes. Please refer to the section headed “Business — Litigations and claims” in this document.

CSRC FILING RELATING TO THE [REDACTED] AND THE [REDACTED]

On 17 February 2023, with the approval of the State Council, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “Trial Measures”) and relevant five guidelines, which came into force on 31 March 2023. The Trial Measures shall apply to the following overseas issuance: (i) direct overseas offerings and listings of domestic PRC companies, and (ii) indirect overseas offering and listing of a foreign company with major business operations and/or assets located in the PRC. According to the Trial Measures, an issuer shall submit required filing documents to the CSRC within three working days after the overseas listing application is submitted to the relevant overseas regulator or listing venue. For further details, please refer to the section headed “Regulatory overview — Regulations relating to overseas offering and listing” in this document.

In accordance with the Trial Measures, our Group submitted a filing to the CSRC on [•] 2026 with respect to the [REDACTED] and the [REDACTED] of our Shares on the GEM of the Stock Exchange.

[REDACTED] STATISTICS

Number of the [REDACTED]	:	[REDACTED] Shares (subject to the [REDACTED])	
[REDACTED] Price	:	Not more than HK\$[REDACTED] per [REDACTED] and expected to be not less than HK\$[REDACTED] per [REDACTED] (excluding brokerage, Stock Exchange trading fee, SFC transaction levy and AFRC transaction levy)	
		Based on the [REDACTED] Price of HK\$[REDACTED] per [REDACTED]	Based on the [REDACTED] Price of HK\$[REDACTED] per [REDACTED]
Market capitalisation ^(Note 1)		HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted combined net tangible assets per Share ^(Note 2)		HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- The calculation of the market capitalisation of the Shares is based on [REDACTED] Shares in issue and to be issued immediately after completion of the [REDACTED] and taking no account of any Shares which may be issued pursuant to the exercise of the [REDACTED] or any options which may be granted under the Share Option Scheme or Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate and the repurchase mandate.

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2. The unaudited [REDACTED] adjusted combined net tangible assets of our Group attributable to owners of our Company per Share is arrived at on the basis that a total of [REDACTED] shares were in issue assuming that the [REDACTED] had been completed on 31 March 2026. It does not take into account any shares which may be issued pursuant to the exercise of the [REDACTED] as described in the section headed “Share Capital” in this document, or any shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of shares granted to the directors of our Company. The amounts of unaudited [REDACTED] adjusted combined net tangible assets of our Group attributable to owners of our Company per Share are converted from HK\$ to RMB based on the exchange rate of RMB1.00 to HK\$1.16.
3. Please refer to Appendix II to this document for the bases and assumptions in calculating the figures.

[REDACTED]

Our [REDACTED] primarily consist [REDACTED] and professional fees. Based on the mid-point of the indicative [REDACTED] range and assuming the [REDACTED] is not exercised, total [REDACTED] are estimated to be approximately [REDACTED] million (equivalent to approximately [REDACTED] million), representing approximately [REDACTED] of the estimated gross [REDACTED] of the [REDACTED], of which approximately [REDACTED] million (equivalent to approximately [REDACTED] million) has been or will be charged to profit or loss and approximately [REDACTED] million (equivalent to approximately [REDACTED] million) will be accounted for as a deduction from equity. Prospective investors should note that our financial performance for [REDACTED] is expected to be affected by the [REDACTED].

FUTURE PLANS AND [REDACTED]

We estimate that the net [REDACTED] from the [REDACTED] (assuming the [REDACTED] is not exercised) based on the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED], after deducting the related expenses, are estimated to be approximately HK\$[REDACTED] million.

We intend to apply such net [REDACTED] in the following manner: (i) approximately [REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED] of the estimated net [REDACTED], will be used for financing the up-front costs of our projects; (ii) approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the estimated net [REDACTED], will be used for strengthening our research and development capabilities to cater to our customers’ requirements in regards to eco-friendliness and photovoltaic features; (iii) approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the estimated net [REDACTED], will be used for repayment for our bank borrowings after [REDACTED]; and (iv) approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the estimated net [REDACTED], will be reserved as our general working capital.

DIVIDENDS

No dividend has been paid or declared by our Company during the Track Record Period. No dividend was declared or paid by companies now comprising our Group to its then shareholders during the Track Record Period.

Any future declarations and payments of dividends will be at the absolute discretion of our Board and if necessary, subject to the approval of our Shareholders at general meetings. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. Currently, our Company and its subsidiaries do not have any dividend policy or intention to declare or pay any dividends in the near future. As advised by our legal adviser as to Cayman Islands law, the Company may declare dividend (a) out of profits of the Company if our Company has sufficient profits, realised or unrealised, unless such is contrary to the accounting principles adopted by the Company or (b) out of the share premium of our Company if following the date on which the dividend is proposed to be paid, our Company is able to pay its debts as they fall due in the ordinary course of business. In determining whether to declare a dividend, our Board will need to be satisfied that the declaration of dividend is in the best interest of the Company and may make provision for losses. Investors should not purchase our Shares with the expectation of receiving cash dividends.

IMPACT OF THE OUTBREAK OF COVID-19 ON OUR OPERATIONS

There was a series of outbreaks of COVID-19 pandemic in the PRC from early 2020 to the end of 2022. To prevent major outbreaks of COVID-19 at our premises, we had taken various precautionary measures including (i) distribution of preventive kits such as surgical masks and hand sanitisers to our

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employees and subcontractors’ employees; (ii) performing COVID-19 tests on all our employees and subcontractors’ employees on a regular basis; and (iii) regular disinfection and sanitisation of our office, production facility and construction sites.

Although the aforesaid precautionary measures had, to a certain extent, lowered our overall production and work efficiency as compared to normal times, our Group did not experience any material disruption or suspension in our production activity or construction site works as a result of the COVID-19 pandemic during the Track Record Period and up to the Latest Practicable Date. In view of this, our Directors considered that the COVID-19 pandemic did not result in any material adverse impact on our business operations and financial performance during the Track Record Period and up to the Latest Practicable Date.

RECENT DEVELOPMENT

Subsequent to the Track Record Period and up to the Latest Practicable Date, our Group was awarded with 6 public sector projects with estimated contract sum of approximately RMB278.9 million in aggregate and 36 private sector projects with estimated contract sum of approximately RMB742.2 million in aggregate. As at the Latest Practicable Date, we had 42 projects on hand (representing projects that have commenced but not completed as well as projects that have been awarded to us but not yet commenced). For further details, please refer to the section headed “Business — Projects on hand” in this document.

Our Directors confirm that, save for the expenses in connection with the [REDACTED], up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since 31 March 2026, and there had been no events since 31 March 2026 which would materially affect the information shown in our consolidated financial statements included in the Accountants’ Report set out in Appendix I to this document.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

In this document, unless the context otherwise requires, the following expressions have the following meanings.

“Accountants’ Report”	the accountants’ report of our Company, the text of which is set forth in Appendix I to this document
“AFRC”	the Accounting and Financial Reporting Council
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company adopted on [•], a summary of which is set out in Appendix III to this document, as supplemented, amended or otherwise modified from time to time
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Business Day” or “business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	compounded annual growth rate

[REDACTED]

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
[REDACTED]	
“Companies Act”	the Companies Act (as revised) of the Cayman Islands, as amended, modified and supplemented from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, modified and supplemented from time to time

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Companies (WUMP) Ordinance” or “Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
“Company”	Yueyuan Group Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liability on 28 August 2024
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules and unless the context otherwise requires, means Mr. RQ Liu, Mr. CQ Liu, Diamond Soars and Reliable Profit
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the GEM Listing Rules
“COVID-19”	the coronavirus pandemic, a global pandemic of coronavirus disease 2019 (COVID-19) caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the Chinese national securities markets
“Deed of Indemnity”	the deed of indemnity dated [•] given by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for and on behalf of each of our subsidiaries) regarding certain indemnities, details of which are set out in the section headed “E. Other information — 1. Tax and other indemnities” in Appendix IV to this document
“Deed of Non-Competition”	the deed of non-competition dated [•] given by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for and on behalf of each of our subsidiaries), details of which are set out in the section headed “Relationship with the controlling shareholders — Non-competition undertakings” in this document
“Diamond Soars”	Diamond Soars Limited (鑽騰有限公司), a business company incorporated in the BVI with limited liability on 29 July 2024, and one of our Controlling Shareholders
“Director(s)”	the director(s) of our Company
“EIT Law”	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》)

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Extreme Conditions” the extreme conditions the government of Hong Kong may announce in the event of, for example, serious disruption of public transport services, extensive flooding, major landslides, or large-scale power outage caused by super typhoons according to the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Labour Department

“F&S” or “Frost & Sullivan” Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research agency, which is an independent third party

[REDACTED]

“FY2024” the financial year ended 31 December 2024

“FY2025” the financial year ended 31 December 2025

“FY2027” the financial year ending 31 December 2027

“GEM” GEM operated by the Stock Exchange

[REDACTED]

“GEM Listing Rules” the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time

“Group”, “we”, “us” or “our Group” our Company and our subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of our present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)

“HKD” or “HK\$” and “cents” Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

“HKFRS(s)” Hong Kong Financial Reporting Standards (including Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants

[REDACTED]

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

[REDACTED]

“Hong Kong”, “HKSAR” or “HK” the Hong Kong Special Administrative Region of the PRC

[REDACTED]

“independent third party(ies)” an individual(s) or a company(ies) who or which is/are independent and not connected with (within the meaning of the GEM Listing Rules) any of our Directors, chief executive, substantial shareholders of our Company or any of its subsidiaries, or any of their respective associates

“Industry Report” a market research report commissioned by us and prepared by F&S on the overview of the industry in which our Group operates

“ISO” an acronym for a series of quality management and quality assurance standards published by International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations

“ISO 14001” an environmental management system standard that maps out a framework that a company or organisation can follow to set up an effective environmental management system, to provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved

“ISO 14001:2015” the 2015 version of the ISO 14001 standard

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“ISO 45001”	an international standard setting out requirements for an occupational health and safety management system developed for managing the occupational health and safety risks associated with a business
“ISO 45001:2018”	the 2018 version of the ISO 45001 standard
“ISO 9001”	a quality management system standard that is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement
“ISO 9001:2015”	the 2015 version of the ISO 9001 standard
“[REDACTED]” and “[REDACTED]”	[•]
“Latest Practicable Date”	22 June 2026, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information in this document prior to its publication

[REDACTED]

“Memorandum of Association” or “Memorandum”	the amended and restated memorandum of association of our Company approved and adopted on [•], a summary of which is set out in Appendix III to this document, as supplemented, amended or otherwise modified from time to time
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部) or its predecessor, the Ministry of Foreign Trade and Economic Cooperation, as appropriate to the context
“Mr. CQ Liu”	Mr. Liu Canquan (劉燦權), the chief executive officer of our Group, an executive Director and one of our Controlling Shareholders. Mr. CQ Liu is the younger brother of Mr. RQ Liu and father of Mr. WJ Liu and the [REDACTED]
“Mr. RQ Liu”	Mr. Liu Ruquan (劉汝權), the chairman of our Board, a non-executive Director and one of our Controlling Shareholders. Mr. RQ Liu is the elder brother of Mr. CQ Liu and uncle of Mr. WJ Liu and the [REDACTED]
“Mr. WJ Liu”	Mr. Liu Weijian (劉偉健), an executive Director. Mr. WJ Liu is the son of Mr. CQ Liu, nephew of Mr. RQ Liu and younger brother of the [REDACTED]
“Nomination Committee”	the nomination committee of the Board

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

[REDACTED]

“Patrons Capital”, “Sole Sponsor”,
“[REDACTED]” or
“[REDACTED]”

Patrons Capital Limited, the sponsor to our Company’s application for the [REDACTED] and a licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities

“Perfect Peach”

Perfect Peach Limited (美桃有限公司), a business company incorporated in the BVI with limited liability on 11 June 2024, which is wholly-owned by the [REDACTED] Investor

[REDACTED]

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“PRC” or “China”	the People’s Republic of China, which for the purpose of this document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, the PRC
“PRC Construction Legal Advisers”	SGLA (Qingyuan) Law Firm (Shanghai Office)* (上海中聯(清遠)律師事務所), the legal advisers to our Company as to PRC laws in respect of construction-related matters
“PRC Government”	the government of the PRC, including all political subdivisions (including provincial, municipal, and other local or regional government entities) and organisations of such government or, as the context requires, any of them
“PRC Legal Advisers”	Beijing Dacheng Law Offices, LLP (Shenzhen), the legal advisers to our Company as to PRC law

[REDACTED]

“[REDACTED]” or “Ms. Liu”	Ms. Liu Shanli (劉山立), daughter of Mr. CQ Liu, elder sister of Mr. WJ Liu and niece of Mr. RQ Liu

[REDACTED]

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Regulation S”	Regulation S under the [REDACTED]
“Reliable Profit”	Reliable Profit Limited (利可有限公司), a business company incorporated in the BVI with limited liability on 29 July 2024, and one of our Controlling Shareholders
“Remuneration Committee”	the remuneration committee of the Board
“Reorganisation”	the corporate reorganisation of our Group in preparation for the [REDACTED] as described in the section headed “History, Reorganisation and Corporate Structure — Corporate Reorganisation” in this document
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), which is the PRC government agency responsible for matters relating to foreign exchange administration
“SAIC”	State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)
	[REDACTED]
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on [•], the principal terms of which are summarised in the section headed “Appendix IV Statutory And General Information — D. Share Option Scheme” in this document
“Shenglong Enterprise Management”	Shenzhen Shenglong Enterprise Management Co. Ltd.* (深圳勝隆企業管理有限公司), a company established in the PRC with limited liability on 9 August 2024, and an indirect non-wholly owned subsidiary of our Company
“Shenglong Holdings”	Shenzhen Shenglong Holdings Co. Ltd.* (深圳勝隆控股有限公司), a company established in the PRC with limited liability on 12 August 2024, and an indirect non-wholly owned subsidiary of our Company

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Shenzhen AMR”	Shenzhen Administration For Market Regulation (深圳市市場監督管理局)
“Shenzhen Yueyuan”	Shenzhen Yueyuan Construction Co. Ltd.* (深圳粵源建設有限公司), a company established in the PRC with limited liability on 25 October 1994, and an indirect non-wholly owned subsidiary of our Company
“sq.m.”	square metre
“State Council”	the State Council of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strength Corporation”	Strength Corporation Limited (強有限公司), a company incorporated in Hong Kong with limited liability on 18 January 2024, and an indirect wholly-owned subsidiary of our Company
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules and details of our substantial shareholders are set out in the section headed “Substantial Shareholders” in this document
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	FY2024, FY2025 and 3M2026
“[REDACTED]”	the [REDACTED] and the [REDACTED], details of which are set out in the section headed “[REDACTED]” in this document
“[REDACTED]”	the [REDACTED] and the [REDACTED]

[REDACTED]

“US\$”	United States dollars, the lawful currency of the United States of America

[REDACTED]

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Yueyuan Aluminum”	Huizhou Yueyuan Aluminum Products Co. Ltd* (惠州市粵源鋁製品有限公司), a company established in the PRC with limited liability on 7 November 2013, and an indirect non-wholly owned subsidiary of our Company
“Yueyuan Construction (HK)”	Yueyuan Construction (Hong Kong) Limited (粵源建設(香港)有限公司), a company incorporated in Hong Kong with limited liability on 6 September 2024, and an indirect wholly owned subsidiary of our Company
“Yueyuan Curtain Wall”	Huizhou Yueyuan Curtain Wall Production Co. Ltd* (惠州粵源幕牆製作有限公司), a company established in the PRC with limited liability on 9 August 2017, and an indirect non-wholly owned subsidiary of our Company
“Yueyuan Holdings (BVI)”	Yueyuan Holdings (BVI) Limited, a business company incorporated in the BVI with limited liability on 29 August 2024, and a direct wholly-owned subsidiary of our Company
“Yueyuan Holdings (SZ)”	Yueyuan Holdings (Shenzhen) Limited* (粵源控股(深圳)有限公司), a company established in the PRC with limited liability on 8 October 2024, and an indirect wholly-owned subsidiary of our Company
“3M2025”	the three months ended 31 March 2025
“3M2026”	the three months ended 31 March 2026
“%”	per cent

The English translation of the PRC entities, enterprises, nationals, facilities, regulations, in Chinese or another language included in this document which are marked with “” is for identification purpose only. To the extent that there is any inconsistency between the Chinese names of the PRC entities, enterprises, nationals, facilities, regulations and their English translations, the Chinese names shall prevail.*

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. In some cases the words such as “aim”, “anticipate”, “believe”, “expect”, “going forward”, “intend”, “may”, “plan”, “potential”, “predict”, “propose”, “seek”, “should”, “will”, “would” and other similar expressions are used to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our Group’s business and operating strategies and plans of operation;
- the amount and nature of, and potential for, future development of our Group’s business;
- our Company’s dividend distribution plans;
- the regulatory environment as well as the general industry outlook for the industry in which our Group operates;
- future developments in the industry in which our Group operates; and
- the trend of the economy of Hong Kong, the PRC and the world in general.

These statements are based on various assumptions, including those regarding our Group’s present and future business strategy and the environment in which our Group will operate in the future.

Our Group’s future results could differ materially from those expressed or implied by such forward-looking statements. In addition, our Group’s future performance may be affected by various factors including, without limitation, those discussed in the sections headed “Risk Factors” and “Financial Information” of this document.

Should one or more risks or uncertainties stated in the aforesaid sections materialise, or should any underlying assumptions prove to be incorrect, actual outcomes may vary materially from those indicated. Prospective investors should therefore not place undue reliance on any of the forward-looking statements. All forward-looking statements contained in this document are qualified by reference to the cautionary statements as set out in this section.

In this document, statements of, or references to, our Group’s intentions or those of any of our Directors are made as at the date of this document. Any such intentions may change in light of future developments.

RISK FACTORS

Potential investors should carefully consider all of the information set out in this document and, in particular, should consider the following risks and special consideration associated with an investment in our Company before making any investment decision in relation to the [REDACTED]. If any of the possible events as described below materialises, our Group’s business, financial position and prospects could be materially and adversely affected and the trading prices of the [REDACTED] could decline due to any of these risks, and you may lose all or part of your investments.

This document contains certain forward-looking statements relating to our Group’s plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group’s actual results may differ materially from those as discussed in this document. Factors that could contribute to such differences are set out below as well as in other parts in this document.

RISKS RELATING TO OUR BUSINESS

Our revenue is mainly derived from projects from our major customers which are non-recurring in nature and there is no guarantee that we will be able to secure new business from our customers

Our revenue is typically derived from projects which are non-recurrent in nature and our customers are under no obligation to award projects to us. Furthermore, we generally derived a significant proportion of our revenue from our major customers. For FY2024, FY2025 and 3M2026, the percentage of our total revenue attributable to our top customer for each year/period during the Track Record Period amounted to approximately 25.7%, 24.2% and 36.0% for the respective year/period, while the percentage of our total revenue attributable to our top five customers for each year/period during the Track Record Period combined amounted to approximately 59.8%, 60.6% and 88.0% for the respective year/period.

During the Track Record Period, we secured new businesses mainly through open tenders and invitation for tender by customers. Projects are awarded to us only if our tender submitted is selected by the relevant customer and there is no assurance that we will be able to secure new contracts in the future. Accordingly, the number and scale of projects and the amount of revenue we are able to derive therefrom may vary significantly from period to period, and it may be difficult to forecast the volume of future business. We may not be able to maintain our Group’s profit at historical levels or to an extent that is within our expectation. Our profitability may vary significantly from period to period as a result of the fluctuations in the number and scale of projects awarded to our Group particularly from our major customers. For FY2024, FY2025 and 3M2026, we recorded a tender success rate of approximately 52.4%, 53.1% and 53.8%, respectively. Our Directors consider that our success rate on project tendering depends on a range of factors, which primarily include our pricing and tender strategy, competitors’ pricing and tender strategies, the availability of our resources and subcontractors, level of competition and our customers’ evaluation standards. Furthermore, so far as our Directors are aware, some of our customers particularly those in public sector have maintained an evaluation system based primarily on technical capability, past performance, personnel qualifications, and financial strength.

During FY2024, FY2025 and 3M2026, our Group was awarded with 33, 26, 7 new projects, respectively. As at 31 December 2024, 31 December 2025 and 31 March 2026, our Group had 52, 48 and 38 projects on hand which contributed to project backlog value of approximately RMB754.6 million, RMB441.0 million and RMB770.2 million as at the corresponding date, respectively.

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There is no assurance that our Group could achieve the same or improved tender success rate in the future as we did during the Track Record Period. In the event that our Group fails to secure new contracts or there is a significant decrease in the number of tender invitations or contracts available for bidding in the future, the business, financial position and prospects of our Group could be materially and adversely affected.

Our Group is susceptible to the market conditions, the performance of the construction and real estate industries and the relevant government policies in the PRC

As at the Latest Practicable Date, all of our curtain wall projects were located in the PRC. The future growth of the curtain wall industry in the PRC is likely to rely on the continued availability of major construction projects, which in turn depends on, amongst others, the PRC Government’s policies on the construction and real estate industries, the investment sentiment of private property developers, government spending on infrastructural developments and the general conditions and prospects of the PRC’s economy.

Any changes in government policies affecting the PRC’s real estate and construction industries, such as implementation of laws, regulations and policies which limit the land supply for real estate development, tighten project financing, increase tax rates, reduce local government budgets or funding for infrastructural developments, may result in a reduction in number of property developments and construction projects. The series of macro-control policies issued by the PRC Government which target to restrict the total amount of real estate investment may also affect the growth of the real estate industry. Moreover, the regulations and policies implemented by the PRC Government to cool down the real estate industry and stabilise property prices, including the restriction policy on purchases of residential properties by domicile of household, restrictions on mortgage and increase in interest rate for real estate loans in the secondary market as adopted in certain cities in the PRC, may adversely affect the development of the PRC’s construction industry and resulting in a decrease in demand for curtain wall works.

According to the Industry Report, while the market expanded steadily to approximately RMB536.5 billion in 2024, it experienced a notable correction in 2025. The sharp decline primarily reflects the delayed effect of the real estate liquidity crisis on late-stage construction. The downturn is intensified by diminished public sector spending, as local governments pivot from iconic infrastructure to debt restructuring. In the event such circumstances persists or worsens and there is a significant decrease in the number of available property developments and construction projects in the PRC, resulting in a decrease in demand for curtain wall works associated therefrom, our business, financial condition and results of operations may be materially and adversely affected.

Our tender success rate and financial performance may be affected by our business strategy in tendering for more public sector projects

According to the Industry Report, since 2020 and until recently, the PRC government had introduced various regulatory policies which target to restrict the total amount of real estate investment and limit over-expansion of the real estate industry in the PRC. Such regulatory policies which attempted to cool down the real estate industry and stabilise property prices have resulted in tightened credit environment and financing channels, thereby lowering the investment sentiment of property developers. Slowdown in the private property sector has also lowered the demand for construction as well as curtain wall services. During such period, driven by the continuous investment by the PRC government in infrastructure and public facilities, the public sector has recorded a higher growth rate than the private sector in the curtain wall industry. According to the Industry Report, the market size of public sector curtain wall industry in the PRC increased at a CAGR of approximately 5.1% from 2020

RISK FACTORS

to 2025 as compared to a CAGR of approximately 2.5% for the private sector curtain wall industry during the corresponding period. Going forward, the market size of public sector curtain wall industry in the PRC is forecasted to increase at a CAGR of approximately 4.4% from 2026 to 2030 as compared to a CAGR of approximately 2.0% for private sector curtain wall industry during the corresponding period.

In the past, our Group primarily focused on undertaking private sector curtain wall projects and most of our revenue for FY2024 and FY2025 was derived from private sector projects. For FY2024, FY2025 and 3M2026, private sector curtain wall projects accounted for approximately 54.7%, 69.3% and 39.6% of our total revenue, respectively. Taking into consideration the relatively higher forecasted growth in the public sector as compared to the private sector in the curtain wall industry in the forthcoming years and generally higher gross profit margin for public sector projects, our Group has been focusing more on tendering for public sector curtain wall projects during the Track Record Period. For further details, please refer to the section headed “Business — Operation flow — Award of contract” in this document.

Notwithstanding our business strategy in tendering for more public sector projects, there is no guarantee that we will eventually be able to obtain more projects and/or improve or maintain our tender success rate. Besides, there is no assurance that the terms and conditions of the service agreements for public sector projects will be more favourable or comparable to that for private sector projects. In the event we fail to obtain more public sector projects and/or the terms and conditions of the service agreements for public sector projects are less favourable, our tender success rate, financial performance and results of operations may be materially and adversely affected.

We are subject to credit risk in relation to the collectability of our trade receivables and contract assets

Contract assets primarily relate to our Group’s right to consideration for work completed and not billed because the rights are conditional on our Group’s future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

Our Group recorded contract assets (net of allowance for credit losses) of approximately RMB815.7 million, RMB920.4 million and RMB974.6 million as at 31 December 2024, 31 December 2025 and 31 March 2026, respectively, of which gross retention receivables accounted for approximately RMB615.5 million, RMB558.7 million and RMB552.8 million for the corresponding year/period, respectively. Subject to and depending on the terms of the contract, our customers generally withhold 20% to 30% of the project progress payment before settlement audit. According to the Industry Report, such term of contract is in line with industry practice. Depending on the contract terms, our customers would generally release the majority of the withheld sum to us upon completion of our works to the satisfaction of our customers or project owners and/or upon confirmation of the settlement audit, whilst retaining 3% to 5% of the final settlement amount, as retention money, to be released in instalments during the defects liability period or paid in full upon expiry of the defects liability period.

There is no assurance that we will be able to bill all or any part of the contract assets for our works done according to the payment terms of the contracts and there is no assurance that the retention monies will be released by our customers to us on a timely basis and in full accordingly. For a detailed discussion and the subsequent settlement of our contract assets, see “Financial Information — Discussion of Selected Items of the Statement of Financial Position — Contract Assets and Contract Liabilities”.

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Further, there can be no assurance that our customers will settle our invoices on time and in full. As at 31 December 2024, 31 December 2025 and 31 March 2026, we recorded trade receivables (net of allowance for credit losses) of approximately RMB231.2 million, RMB184.2 million and RMB185.5 million, respectively. In the event that we are unable to collect a substantial portion of our trade receivables within the payment terms or at all, our cash flows and financial positions will be adversely affected. For FY2024 and FY2025, our Group recognised provision for impairment losses on trade and other receivables and deposits and contract assets of approximately RMB12.5 million and RMB2.0 million, respectively, and for 3M2026, we recorded a reversal of impairment losses on trade and other receivables and deposits and contract assets of approximately RMB4.6 million.

Any difficulty in collecting a substantial portion of our trade receivables and contract assets could materially and adversely affect our cash flows and financial positions.

Failure to complete our projects on a reliable and timely basis could materially affect our reputation, our financial performance or may subject us to claims

Our Group’s business primarily involves the design, processing, assembling and installation of curtain wall products, which are typically installed on building structures during later stages of property development projects. As a result, the progress of our projects is heavily reliant on the timely completion of prior construction phases.

In the event of delays or interruptions in property projects due to factors such as financial difficulties faced by property developers, adverse economic conditions, regulatory changes, or unforeseen technical challenges, the installation phase of curtain walls may also be delayed. Such delays could result in an extended project timeline, increased operational costs, and potential disputes or claims between us and our clients. Any material failure to cope with the impact of delays in property projects could materially and adversely affect our business, financial condition and results of operations.

Any significant postponements in project completion could result in a decrease in revenue generated for the relevant periods, potentially impacting our cash flow and financial position. Should unfinished or stalled property projects become more prevalent in the market, it could lead to a decrease in new contract opportunities and adversely affect our ability to secure future projects, ultimately compromising our market position and business growth.

Furthermore, the contracts with our customers generally contain a liquidated damages clause under which we are liable to pay liquidated damages to our customers if we are unable to deliver or perform the contractual works within the time specified in the contract. Liquidated damages are generally determined on the basis of a fixed sum per day.

If there is any delay on our part in completion of our projects, we may be liable to pay liquidated damages under the contract. There is no assurance that there will not be any delay in our existing and future projects resulting in claims in relation to liquidated damages, which in turn will have adverse impact on our reputation, business, financial condition and results of operations.

Any material inaccurate cost estimation or cost overruns may adversely affect our financial results

Our profitability is inter-correlated with our pricing strategy. For FY2024, FY2025 and 3M2026, our gross profit amounted to approximately RMB93.4 million, RMB79.7 million and RMB15.3 million, respectively; while our gross profit margin was approximately 14.0%, 12.7% and 12.0% for the

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corresponding year/period respectively. Our pricing is generally determined based on certain mark-up over our estimated costs. We estimate our costs to be incurred in a project to determine our tender price. The tender documents provided by our customers may prescribe a ceiling price of tender based on a list of items and works for the completion of the project. As an industry practice, our tender price is usually set below such ceiling price of tender. Our tender pricing is determined on a case-by-case basis having regard to various factors, which generally include (i) the scope of services; (ii) the complexity of the project; (iii) the price trend of the types of materials, subcontracting services and machinery rental services required; (iv) our available production capacity; (v) completion time requested by customers; and (vi) the availability of our labour and financial resources. For further details on our pricing strategy, please refer to the section headed “Business — Pricing strategy” in this document.

There is no assurance that the actual amount of time and costs incurred during the performance of our projects would not exceed our estimation. The actual amount of time and costs incurred in completing a project may be adversely affected by many factors, including unforeseen site conditions, adverse weather conditions, workplace accidents, non-performance by our subcontractors, unexpected significant increase in costs of materials agreed to be borne by us, unexpected increase in the amount of rectification works requested by our customers and other unforeseen problems and circumstances. Any material inaccurate estimation in the time and costs involved in a project may give rise to delays in completion of works and/or cost overruns, which in turn may materially and adversely affect our Group’s financial condition, profitability and liquidity.

Potential mismatch in time between receipt of progress payments from our customers, payment of project up-front costs, and payments to our suppliers may adversely affect our cash flows

Our customers under lump sum contracts generally make progress payments according to our work progress. We may experience net cash outflows as project up-front costs at the preliminary stage of a project. The up-front costs of our projects generally include subcontracting fees for work done by subcontractors and payment made to suppliers for materials.

Furthermore, there may be a timing difference between (i) the progress payments received from our customers; and (ii) the progress payments made to our subcontractors and payments made to our suppliers of materials. For FY2024, FY2025 and 3M2026, our average turnover days of trade receivables and contract assets was approximately 306.0 days, 329.3 days and 466.8 days, respectively, and our average turnover days of trade payables was approximately 337.1 days, 390.8 days and 489.6 days, respectively. In addition, our customers may withhold our progress payments as retention monies which may only be released after the expiry of the defects liability period. As at 31 December 2024, 31 December 2025 and 31 March 2026, our gross retention receivables of approximately RMB615.5 million, RMB558.7 million and RMB552.8 million, respectively, were retained by our customers as retention monies.

When we undertake a new project without advance payment from customers, we generally experience net cash outflows during the period when we first incur up-front costs until we generate sufficient positive monthly cash inflow in respect of such project. The specific amount of up-front costs incurred may vary from project to project, depending on the scale of the project, the schedule of project implementation and the length of our business relationships with the relevant customers. In addition, we may experience cash flow mismatch from time to time as our projects progress, which largely depend on (i) our customers’ internal certification process of our payment applications and internal approval process of our invoices; (ii) the settlement timeframe to our suppliers; and (iii) the number and scale of

RISK FACTORS

our projects in progress. The liquidity needs of our projects would therefore impose a constraint on the number and/or scale of the projects which we could undertake concurrently if we solely rely on our operating cash flow to support our expansion.

Our customers generally make progress payments according to our work progress, and such payments are required to be certified by our customers before settlement. Subject to and depending on the terms of the contract, our customers generally withhold 20% to 30% of the project progress payment before settlement audit. According to the Industry Report, such contract is in line with industry practice. Depending on the contract terms, our customers would generally release the majority of the withheld sum to us upon completion of our works to the satisfaction of our customers or project owners and/or upon confirmation of the settlement audit, whilst retaining 3% to 5% of the final settlement amount, as retention money, to be released in instalments during the defects liability period or paid in full upon expiry of the defects liability period. For further information on the payment terms with our customers, please refer to the section headed “Business — Our customers — Principal terms of engagement” in this document.

Accordingly, our cash flow typically turns from net outflows at the early stage of a project into accumulative net inflows gradually as the project progresses. This results in a cash flow gap and in the event that we have more projects at the initial stage or that a substantial amount of retention monies from various projects are being withheld by our customers at any given point of time, our liquidity may be materially and adversely affected.

The PRC court has imposed freezing orders over some of our bank accounts

During the Track Record Period, the PRC court had imposed freezing orders over some of our bank accounts which were ancillary to the claims and litigations in our ordinary course of business. As at 31 December 2024, 31 December 2025 and 31 March 2026, our restricted bank balances due to litigation amounted to approximately RMB11.1 million, RMB0.4 million and RMB0.4 million, respectively. For further details, please refer to the section headed “Financial information — Discussion of selected statement of financial position items — Restricted bank balances” in this document. There is no assurance that the claims and litigations relating to such freezing orders will be settled in an amicable and timely manner and the freezing orders over the bank accounts will be released or discharged accordingly. If the freezing orders over our bank accounts cannot be released, our Group will continue to be restricted from dealing, utilising or dissipating the cash deposited in the frozen bank accounts. In such event, our cash flow, liquidity and financial conditions may be materially and adversely affected.

Failure to obtain or renew required approvals, licenses, permits, qualifications, or certificates may negatively impact our business operations and results.

Our operations require various approvals, licenses, permits and qualifications from regulatory authorities. These approvals are essential for our business and subject to periodic review and renewal based on our compliance with regulatory standards. For details, please refer to the section headed “Business — Licenses, permits and approvals” in this document.

In addition, some of these approvals, licenses, permits and qualifications are subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may change from time to time. There is no assurance that we will be able to renew these approvals, licenses, permits and qualifications on time or at all.

RISK FACTORS

Regulatory standards may change over time, possibly increasing the requirements for renewal and complicating compliance. If we are unable to renew these critical approvals, our operational capacity, project eligibility, financial condition, and industry reputation may be materially and adversely affected.

The total actual value of work done may differ from the original estimated contract sum stated in our contracts with customers

During the Track Record Period, our contracts with customers are generally on re-measurement basis. The actual amount of works to be carried out by us under our contract is subject to our customer’s instructions or orders placed during the contract period and the total actual value of work done may differ from the original estimated contract sum stated in the contract. Our customers may request additional or alteration of works beyond the scope of the contract during project implementation. Where the works under the variation order are the same or similar to the works prescribed in the contract, the rate of the works under the variation order usually accords with that of the contract. If there are no equivalent or similar items under the contract for reference, we will further agree on the rates with our customers. During the Track Record Period, our customers generally requested additional or alteration of works by issuing additional work orders stating the scope of works to our Group. Therefore, the scope of works for variation orders performed by our Group are properly agreed and accepted by the relevant customers prior to performing such variation orders. Our customers will measure the actual quantities of works executed on site and our Group will be paid based on the stage of completion of the contract using output method, i.e. based on surveys of the relevant services completed by our Group to date with reference to certificates issued by customers.

There is no assurance that the amount of fees and charges as finally agreed with our customers would be sufficient to recover our costs incurred or provide us with a reasonable profit margin or the amount of revenue derived from our projects will not be substantially different from the original estimated contract sum as specified in the relevant contracts and our financial condition may be adversely affected by any decrease in our revenue as a result of variation orders. Based on the abovementioned, there is no assurance that our revenue and profit margin in the future will remain at a level comparable to those recorded during the Track Record Period.

We rely on third-party suppliers for glass, steel, aluminum, stone and hardware materials. Supply shortages, delivery delays, quality defects, or material price fluctuations may materially and adversely affect our operations and service costs

We rely on our suppliers for the stable and timely delivery of materials such as glass, steel, aluminum, stone and hardware materials on commercially acceptable terms to carry out the processing, assembly and installation of curtain wall works. For FY2024, FY2025 and 3M2026, we incurred approximately 328.0 million, 364.9 million and 67.0 million on materials costs, respectively, representing approximately 57.4%, 66.6% and 59.6% of our cost of sales, respectively. If there is any shortage of such materials or supplies or in the event of material delay in delivery by our suppliers, we may fail to complete our projects on time or at all. There is no guarantee that we would be able to identify suitable alternative sources of supply at acceptable prices or with the required brand, quantity and quality, or at all. We cannot assure that we will be able to pass on our purchase costs to our customers in the future, which may have a material adverse effect on our profitability and results of our operations. Further, if there is any deterioration in the quality of materials from our suppliers, and we are unable to identify suitable alternative sources or detect the defective materials, the progress and quality of our works may be materially and adversely affected, thereby damaging our reputation and adversely affecting our financial results.

RISK FACTORS

Disruptions, damages or destructions to our production facility and machinery may materially and adversely affect our business, results of operations and financial condition

Our Group operates a production facility located in Huizhou, Guangdong Province, the PRC, for curtain wall processing. Our ability to carry out curtain wall processing is dependent on the continued operation of our production facility. Our production facility is subject to inspection, maintenance and replacement of our machinery during which production capacity may be affected. Our production facility is also subject to operation risks and disruptions such as interruptions of utilities supplies including water and electricity, labour disputes and industrial accidents. A power surge or outage could disrupt or even result in the halt of our curtain wall processing procedures. There is no assurance that our machinery will not be damaged or lost as a result of, among others, improper operation, fire, adverse weather conditions, theft or robbery. We may also need to incur additional cost to repair or replace any damaged machinery or equipment. Machinery may also break down or fail to function normally due to wear and tear or mechanical or other issues. If any failed or damaged machinery cannot be repaired or replaced, or if any lost machinery cannot be replaced in a timely manner, our operations and financial performance could be adversely affected.

Besides, our curtain wall processing procedures may be disrupted due to (i) natural disasters such as typhoons and floods; (ii) political instability, riots, civil unrest and terrorist attacks; (iii) epidemics/pandemics; and (iv) other events that are beyond our control in the regions where we operate.

We may be required to relocate our production facility as a result of title defects in our leased properties and in the event that the current leases are terminated

As at the Latest Practicable Date, we leased our production facility located at Huizhou, Guangdong Province, the PRC for carrying out the processing of customised curtain wall products and ancillary articles including metal roof, exterior doors and windows and light-structural steel works. As advised by our PRC Legal Advisers, there are certain title defects relating to our leased production facility, details of which are set out in the section headed “Business — Properties — Leased properties which are subject to title defects” in this document.

In the event that we were forced to relocate our operations from our leased production facility due to its inherent title defects, we may need to lease an alternative premises for relocation. If we cannot identify alternative production facility in a timely manner, we may experience delays before resuming production at full capacity or at all, and we may incur higher than expected loss of revenue and profits as well as further claims and/or liquidated damages due to delay and/or failure to deliver the curtain wall products required in our projects. As such, our business, operating results and financial conditions may be materially and adversely affected.

Further, we may suffer production interruption as well as loss and damage relating to relocation, logistics and setup costs and operating losses in the event of forced relocation of our operations from our leased production facility. In the event of forced relocation from our leased production facility, we may incur one-off logistics and setup costs of approximately RMB80,000 and additional rental of approximately RMB0.3 million during relocation which is estimated to be completed within approximately two months. In addition, we might temporarily outsource some of our curtain wall processing works to our subcontractors, but the amount of additional subcontracting fees during the relocation period would be dependent on the requirements and status of the projects at the relevant time. In order to mitigate any potential disruption to our operations during relocation, we may also

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consider outsourcing more of our curtain wall processing works to our approved subcontractors as an interim measure, thereby resulting in the incurrence of additional subcontracting fees. As a result, our business operations and financial results may be materially and adversely affected.

Our production facility is presently located on leased premises. Our ability to maintain the current leases is crucial to our operation and profitability. If the landlord unilaterally terminates our lease, we may be forced to move to a less favourable location or the rent we pay may increase significantly. In such event, we may incur relocation costs and the relocation may materially and adversely affect our business, financial conditions and results of operations. In the event that rental expenses for properties that are suitable for our operation increase in the future, and we fail to shift such increase to our customers or offset such increase by reducing other operating costs, our financial condition and results of operations may be adversely affected.

If we are unable to continue to be qualified for preferential income tax rate or receive government grants, our profitability and results of operation may be materially and adversely affected

Shenzhen Yueyuan, our principal operating subsidiary, is recognised as a “High and New Technology Enterprise” (高新技術企業) by the Industry and Information Technology Bureau of Shenzhen Municipality (深圳市工業和信息化局), the Finance Bureau of Shenzhen Municipality (深圳市財政局) and the Shenzhen Tax Service, State Taxation Administration (國家稅務總局深圳市稅務局). As a result of holding of such certificate, Shenzhen Yueyuan is entitled to a preferential income tax rate of 15% during the Track Record Period.

The relevant PRC Government authorities will take into account various factors in determining whether to award or renew any “High and New Technology Enterprise” certificate, and there is no assurance that Shenzhen Yueyuan will be successful in renewing the aforesaid certificate. For further details, please refer to the section headed “Regulatory overview — Laws and regulations relating to taxation — Enterprise Income Tax (“EIT”)”. Should the relevant PRC Government authorities refuse to renew Shenzhen Yueyuan’s status as a “High and New Technology Enterprise”, Shenzhen Yueyuan will cease to be entitled to such preferential tax treatment and will be required to pay income tax at the regular rate of 25%. Under such circumstances, our profitability and results of operation may be adversely affected.

Furthermore, we recognized other income of approximately RMB0.3 million, RMB0.4 million and RMB7,000 from government grants in FY2024, FY2025 and 3M2026, respectively, mainly comprising the research and development subsidy from the Science, Technology and Innovation Commission of Shenzhen Municipality in the PRC. There can be no assurance that we will be able to enjoy such government grants and furthermore, if there is any change in the policy regarding the relevant government grants, we may not be able to continue to receive them in the future. Such changes relating to our government grants will result in a decrease in our other income and adversely affect our financial condition and results of operations.

Our borrowings and interest payment obligations could limit our working capital required for business operations

We finance the working capital required for our business operations and capital expenditure mainly through cash generated from our operations and bank and other borrowings. As at 31 December 2024, 31 December 2025 and 31 March 2026, we had bank borrowings of approximately RMB34.5 million, RMB26.0 million and RMB17.8 million, respectively. We may not be able to obtain bank loans or renew existing credit facilities in the future on commercially favourable terms or at all.

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Our indebtedness could materially and adversely affect our liquidity. Our future liquidity, the payment of trade and other payables and the repayment of our outstanding debt obligations as and when they become due will mainly depend on our ability to maintain adequate cash generated from operating activities and sufficient external financing. We cannot assure you that we will always be able to raise necessary funding to finance our current liabilities and other debt obligations. Our ability to arrange financing and the cost of such financing are dependent on the global and the PRC economic conditions, capital and debt market conditions, lending policies of the PRC Government and banks, and other factors. In the event we are unable to obtain adequate financing to meet our working capital requirements, we may be forced to delay, adjust, reduce or abandon our planned strategies. Our business, prospects and financial condition may be materially and adversely affected if our cash flow and capital resources are insufficient to finance our debt obligations.

Besides, any fluctuation in interest rates will affect the amount of debt payments. If adequate funding is not available to us on favourable terms, we may not be able to fund our existing operations and develop or expand our business and therefore our business, results of operations and financial conditions may be materially and adversely affected.

We recorded certain non-compliances with the PRC laws and regulations. Any enforcement action against us may adversely affect our business and reputation

Our Group failed to make adequate social insurance and housing provident fund contributions for all our employees in accordance with certain legal and statutory requirements in the PRC during the Track Record Period. Pursuant to the relevant PRC laws and regulations, the possible legal consequences in respect of our failure to make adequate social insurance and housing provident fund contributions for all our employees include payment of all outstanding contributions and fines and compulsory enforcement by the relevant PRC Government authority.

For FY2024, FY2025 and 3M2026, (a) the aggregate shortfall of our social insurance contributions amounted to approximately RMB1.6 million, RMB1.6 million and RMB1.6 million, respectively; whilst (b) the aggregate shortfall of our housing provident fund contributions amounted to approximately RMB3.9 million, RMB4.4 million and RMB4.5 million, respectively.

For further details on the non-compliance incidents, please refer to the section headed “Business — Legal compliance” in this document. If any of the PRC Government authorities takes enforcement action against us in relation to the non-compliance incidents, we may be ordered to pay fines and/or other penalties, which could adversely affect our business and reputation.

Unsatisfactory performance by or unavailability of our subcontractors of construction site works may adversely affect our operation and profitability

We mainly focus on the role of project management and supervision in carrying out the installation of our curtain wall products at the construction sites. We generally engage subcontractors to perform a substantial part of the installation works under our supervision. For further details, please refer to the section headed “Business — Our suppliers — Subcontractors of site works” in this document. In order to control and ensure the quality and progress of the works of our subcontractors, our Group selects subcontractors based on their quality of services, track record, qualifications, licences, skills and technique, reputation, prevailing market price, delivery time and availability of resources in accommodating our requests.

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For FY2024, FY2025 and 3M2026, our subcontracting fees for construction site works amounted to approximately RMB220.3 million, RMB163.6 million and RMB39.1 million, respectively, representing approximately 39.2%, 30.3% and 35.6% of our total purchase for the corresponding year/period, respectively. There is no assurance that the work quality of our subcontractors can always meet the requirements and specifications of our Group and our customers. We may be affected by the non-performance, inappropriate or poor quality of works rendered by our subcontractors. Such events could materially and adversely affect our profitability, financial performance and reputation. In addition, there is no assurance that our Group will always be able to secure services from suitable subcontractors when required, or be able to negotiate acceptable fees and terms of service with subcontractors. In such event, our operation and financial position may be adversely affected. In the event that our subcontractors of construction site works fail to follow the safety guidelines and other requirements imposed by our customers, we may be liable to pay to our customers the expenses and penalties incurred by them.

Failure to strictly implement our safety management framework at construction sites and at our production facility may lead to the occurrence of personal injuries, property damages and fatal accidents

Owing to the nature of works on construction sites, accidents leading to personal injuries, property damages and/or fatal accidents remain an inherent risk at construction sites. There is no assurance that there will not be any violation of our safety measures or other related rules and regulations by the employees of our Group or our subcontractors. Any such violation may lead to higher probability of occurrences, and/or increased seriousness, of personal injuries, property damages and/or fatal accidents at construction sites, which may materially and adversely affect our business operations as well as our financial position to the extent not covered by insurance policies. Also, failure to strictly implement our safety management framework at construction sites and at our production facility resulting in the occurrence of serious personal injuries or fatal accidents may lead to negative publicity, which in turn adversely affect our reputation, financial position and results of operation.

In addition, any personal injuries and/or fatal accidents to the employees of our Group and our subcontractors may lead to claims or other legal proceedings against our Group. Any such claims or legal proceedings could adversely and materially affect our financial position to the extent not covered by insurance policies. Also, notwithstanding the merits of any such claims or legal proceedings, we need to divert management resources and incur extra costs to handle these matters. Any such claims or legal proceedings could therefore have a material and adverse impact on our business operations.

During the Track Record Period and up to the Latest Practicable Date, we recorded two accidents involving our employee or employee of our subcontractor (as the case may be) which arose in the ordinary course of our business. For further details, please refer to the section headed “Business — Occupational health and work safety” in this document. Our accident record may adversely affect our industry reputation, which may in turn affect our prospect of receiving tender invitations from potential new customers or being awarded with future tenders from both our existing and potential new customers. Furthermore, if similar accidents were to occur, we may be required to pay penalties, compensation amounts as well as incur additional costs to strengthen our safety management measures, such as recruiting additional safety supervision staff, which may have an adverse impact on our profitability.

RISK FACTORS

We are exposed to claims and litigations in our ordinary course of business and we may suffer financial losses and damage to reputation if we are found liable

We may be involved in claims and litigations in the ordinary course of our business for, among other things, service quality, personal injuries and contract/payment disputes. As at the Latest Practicable Date, we had on-going legal proceedings involving our Group as mentioned in the section headed “Business — Litigations and claims” in this document.

Should any claims against us fall outside the scope and/or limit of insurance coverage, our financial position may be adversely affected. Regardless of the merits of any outstanding and potential claims, we need to divert management resources and incur extra costs to handle these claims, which could affect our corporate image and reputation if they were published by the press. If the aforesaid claims were successfully made against our Group and are not covered by insurance policies, we may need to pay damages and legal costs, which in turn could adversely affect our results of operations and financial position.

We may be subject to fines for failure to register some of our lease agreements

As at the Latest Practicable Date, lease agreements in respect of seven of our leased properties had yet to be registered with the relevant government authorities in accordance with PRC laws and regulations. As advised by our PRC legal advisers, the lack of registration of a lease will not affect its legality, validity or enforceability.

However, we may be subject to fines ranging from RMB1,000 to RMB10,000 for each of such non-registered leases should we fail to register the lease agreements upon request by the relevant authority, which may materially and adversely affect our business, financial condition, results of operations and prospects. Please refer to the section headed “Business — Properties — Leased properties” in this document.

Any infringement of our intellectual property rights or any infringement by us of third party intellectual property rights may adversely affect our reputation and profitability

Our research and development is crucial to maintaining our competitiveness in offering curtain wall products that match with the evolving requirements and specifications of our customers. As at the Latest Practicable Date, our Group is the registered owner of 63 patents, 23 software copyrights and two trademarks in the PRC and one trademark in Hong Kong. Further, our Group had also applied for the registration of 15 patents in the PRC as at the Latest Practicable Date. For further details on our intellectual property rights, please refer to the section headed “Statutory and general information — B. Further information about our business — 2. Material intellectual property rights” set out in Appendix IV to this document.

If the technical know-how in our curtain wall works is infringed by way of unauthorised copying, use or imitation, our business and reputation may be seriously affected and we may need to expend substantial resources on litigation and other legal processes to protect our intellectual property, which may in turn adversely affect our operations and profitability. Conversely, there is also a risk that third parties may bring a claim against us for infringing their intellectual property rights, thereby requiring us to defend or settle any related intellectual property infringement allegations or disputes. We may be required to incur substantial costs to develop non-infringing alternatives or to obtain the required licence. There is no assurance that we will succeed in developing such alternatives or in obtaining such licence on reasonable terms, or at all, and any failure to do so may disrupt our manufacturing processes, damage our reputation and adversely affect our results of operations.

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If we lose any of our key personnel without obtaining adequate replacements in a timely manner or if we are unable to retain and recruit skilled personnel, our operations could be disrupted and the growth of our business could be delayed or restricted

Our Directors believe that our success, to a large extent, is attributable to, among other things, the contribution of our executive Directors, Mr. CQ Liu and Mr. WJ Liu. Details of their expertise and experience are set out in the section headed “Directors and senior management” in this document. Our key personnel as well as their management experience in the curtain wall industry in the PRC are crucial to our operation and financial performance. If we lose the services of any of our executive Directors, it could be very difficult to find, allocate and integrate adequate replacement personnel into our operations, which could adversely affect our operations and the growth of our business.

Further, we rely on the collective experience of our technically skilled employees, primarily the experienced project managers, materials officers, site foremen, quality control officers, safety officers, research and development personnel and other skilled employees, to implement our growth plans and to ensure that we continuously evaluate and adopt new technologies to meet our customers’ needs. There is intense competition for the services of these personnel in the PRC curtain wall industry. If we are unable to retain our existing personnel or attract, assimilate and retain new experienced personnel in the future, our operations could be disrupted and the growth of our business could be delayed or restricted.

Our ability to successfully tender for and undertake new projects is limited by the availability of our project management staff and subcontractors of construction site works

During the Track Record Period, we mainly focused on the role of project management and supervision in carrying out the installation of our curtain wall products at the construction sites. Our services capacity in undertaking multiple sizeable projects concurrently is therefore largely limited by the availability of our in-house project management staff and our subcontractors. According to the Industry Report, the PRC curtain wall industry has been facing shortage of experienced and skilled labour. In view of the aforesaid, we may encounter difficulties in maintaining and recruiting sufficient number of project management staff or engaging suitable subcontractors for undertaking additional projects in the future.

Therefore, our ability to successfully tender for new projects may be affected by the availability of our project management staff and subcontractors of construction site works. There is a risk that we may not be awarded with new contracts by our customers as our tenders may become relatively less competitive due to limitation in our service capacity.

We are exposed to claims arising from latent defects liability

We do not maintain any defects liability insurance and we may face claims arising from latent defects that are existing but not yet active, developed or visible, found in the works performed by us or by our subcontractors. If there is any significant claim against us for latent defects liability relating to any default or failure of our products and/or services by our customers or other party, our profitability may be adversely affected.

Subsequent to project completion, we are typically subject to a defects liability period during which we are required to rectify any defect without delay at our own cost if the defect is due to our non-conformance of works performed, or due to our negligence or failure to comply with our contractual obligation. Such obligation will be recognised as liability in the statement of financial position if the obligation is considered highly probable and the obliged amount can be reliably measured. Otherwise, such claim will be disclosed as contingent liability.

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Our insurance coverage may not be adequate to cover potential liabilities

Certain risks disclosed elsewhere in this section such as risks in relation to our ability to obtain new contracts, our ability to retain and attract personnel, availability and performance of subcontractors, project and cost management, our ability to maintain and renew our registrations, credit risk and liquidity risk, are generally not covered by insurance because they are either uninsurable or it is not cost justifiable to insure against such risks. Insurance policies covering losses from acts of war, terrorism, or natural catastrophes are also either unavailable or cost prohibitive.

Further, we may be subject to liabilities against which we are not insured adequately or at all or liabilities against which cannot be insured. Should any significant liabilities arise due to accidents, natural disasters, or other events which are not covered or are inadequately covered by our insurance, our business may be adversely affected, potentially lead to a loss of assets, lawsuits or other forms of economic loss.

We cannot guarantee that our current levels of insurance are sufficient to cover all potential risks and losses. In addition, we cannot guarantee that we can renew our policies or can renew our policies on similar or other acceptable terms. If we suffer from severe unexpected losses or losses that far exceed the policy limits, it could have a material and adverse effect on our business, financial position, results of operations and prospects.

Failure to fulfil our obligations in respect of contract liabilities could materially and adversely affect our cash flow and liquidity position, financial position and results of operations

Our contract liabilities represent our obligations to provide the contracted goods and/or services to our customers. Our contract liabilities mainly arise from the non-refundable advance payments made by customers while the underlying services are yet to be provided. As at 31 December 2024, 31 December 2025 and 31 March 2026, our contract liabilities amounted to approximately RMB33.1 million, RMB66.5 million and RMB72.1 million, respectively. For further details, please refer to the section headed “Financial Information — Discussion of selected statement of financial position items — Contract assets and contract liabilities” in this document. If we fail to fulfil our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may require us to refund the portion of the certified revenue in excess of the recognised revenue we have received, which may adversely affect our cash flow and liquidity position and our ability to meet our working capital requirements and in turn, our financial position and results of operations.

Events such as epidemics, natural disasters, adverse weather conditions, political unrest and terrorist attacks could significantly delay, or even prevent us from completing, our projects

Our operations are subject to uncertainties and contingencies beyond our control that could result in material disruptions in our operations and adversely affect our business. These include epidemics, natural disasters, fire, adverse weather conditions, political unrest, wars and terrorist attacks. Any such events could cause us to reduce or halt our operation, adversely affect our business operation, increase our costs and/or prevent us from completing our projects, any one of which could materially and adversely affect our business, financial condition and results of operations.

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In such event, our business operations may also be severely disrupted due to a negative impact on investor confidence and risk appetites, the fund-raising activities of issuers and proposed [REDACTED] applicants, the macroeconomic condition as well as the financial conditions in Hong Kong and the PRC. Our business operations, financial condition as well as our fund-raising activities as contemplated by this document may be materially and adversely affected as a result.

Our business plans and strategies may not be successful or be achieved within the expected time frame or within the estimated budget

We intend to further increase our capital reserve for financing our project up-front costs and acquiring a property for the establishment of an additional production facility in Huizhou, Guangdong Province, the PRC in order to cope with the expected increase in demand for our products and services. However, our plans and strategies may be hindered by risks including but not limited to those mentioned elsewhere in this section. There is no assurance that we will be able to successfully maintain or increase our market share or grow our business successfully after deploying our management and financial resources. Any failure in maintaining our current market position or implementing our plans could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

We face intense competition in our industry, and failure to compete effectively may lower our operating margins and cause us to lose market share

We operate in a highly competitive industry. According to the Industry Report, the curtain wall industry in the PRC is fiercely competitive with more than 8,000 market participants in 2025. Some of our competitors may have more manpower, longer operating history and track record, more established relationship with customers and suppliers and stronger financial resources, corporate image and technical expertise. Attributable to their competitive advantages, our competitors may be capable of providing better services and responding to market changes more promptly and effectively than we do. Further, new participants may wish to enter the industry provided that they have the appropriate skills, experience, licenses and qualifications, machinery and working capital. Any significant increase in competition may lower our operating margins and result in a loss of our market share, thereby adversely affecting our profitability and operating results.

We may not be able to keep up with changes in market demands or technological advancements if we fail to enhance our research and development capabilities

Our Directors believe that research and development is crucial to maintaining our competitiveness in offering products that match with the evolving requirements and specifications of our customers. During the Track Record Period, we made significant investments in research and development and incurred approximately RMB25.1 million, RMB26.7 million and RMB6.4 million for FY2024, FY2025 and 3M2026, respectively. Through our research and development, we had continuously enhanced the functionality and aesthetical appeal of our products.

There is no assurance that our research and development efforts will be successful or that the technologies or techniques developed by us will be well accepted by the market or achieve commercial success. If we are unable to develop new technologies or techniques that meet the needs and preferences of our customers in a timely manner, or if our competitors have developed more advanced technologies and techniques, our business, results of operations and financial condition may be materially and adversely affected.

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Shortage of skilled labour and/or increase in labour cost may undermine our business growth and profitability

According to the Industry Report, the curtain wall industry in the PRC has been facing the problem of skilled labour shortage. The average monthly salary of the major types of workers engaged in the PRC curtain wall industry, namely production and construction machinery and equipment operator, professional technician and managerial staff, increased at a CAGR of approximately 3.1% to 4.9% during the period from 2020 to 2024. For further information regarding the problem of skilled labour shortage faced by the curtain wall industry in the PRC, please refer to the section headed “Industry overview — Market challenges and threats” in this document. Labour supply and costs in the PRC are subject to fluctuations arising from market availability, inflation, and rising living standards. We cannot assure you that labour supply or costs will remain stable. If we or our subcontractors fail to retain or recruit sufficient labour in a timely manner, or if labour costs increase significantly, we may experience project delays and cost overruns. These factors could materially and adversely affect our ability to meet contractual obligations and may materially and adversely affect our operations, financial condition, and profitability.

Any price fluctuations of materials used for our curtain wall processing may increase our cost of sales

The principal types of materials used for our curtain wall processing include glass, steel, aluminum, stone and hardware materials. Key factors affecting the purchase price of materials include supply and demand in the market, the policies of the PRC Government and market competition, many of which are beyond our control. For further details on the historical price trend of our raw materials, please refer to the section headed “Industry overview — Cost analysis” in this document.

We typically enter into a framework supply contract with our material suppliers on a project by project basis. During the contract term of the framework supply contract, we are entitled to place purchase orders with the supplier for procurement of materials at the pre-agreed unit price as stated in the framework supply contract. Our framework supply agreements generally include a price adjustment mechanism pursuant to which the unit price of materials set forth in the framework supply agreements may be adjusted in the event their market prices increase by more than a prescribed percentage according to industry recognised institutions.

We are generally required to renegotiate the terms of our framework supply agreements with the suppliers upon the expiry of the contract terms and we do not engage in any hedging activities to minimise the risk of price fluctuation of materials. Price fluctuations of our principal types of materials will affect our cost of sales, which may in turn affect our gross profit margin. According to the Industry Report, the price index of aluminum, and stone increased at a CAGR of approximately 6.5% and 0.6% from 2020 to 2025, respectively and the price index of glass decreased at a CAGR of approximately 5.8% over the same period.

We cannot assure you that we will be able to transfer any increase in cost of materials to our customers in a timely manner or at all. There is no guarantee that the cost of materials will remain stable in the future, or that any increase in price of materials will not lead to unexpected and potentially significant increase in our cost of sales. If we are unable to transfer the increase in cost of materials to our customers in a timely manner or at all, our profitability and profit margins may be adversely affected.

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Any future changes in existing PRC laws, regulations and government policies, including but not limited to the introduction of more stringent laws and regulations on licensing, environmental protection, labour safety, etc. may cause us to incur substantial additional expenditure

Our business operations are governed by various PRC laws, regulations and government policies. There is no assurance that we will be able to respond to any future changes to the existing PRC laws, regulations and government policies, including but not limited to the introduction of more stringent laws and regulations on licensing, environmental protection, labour safety, etc.. Further, we may incur substantial additional expenditure for complying with the amended PRC laws, regulations and government policies, which may materially and adversely affect our business, financial condition and results of operation. If there are any changes to and/or imposition of additional requirements in relation to the licensing, environmental protection, labour safety, etc. relating to the curtain wall industry, and we fail to meet the new requirements in a timely manner or at all, our business operation will be materially and adversely affected.

RISKS RELATING TO THE [REDACTED]

Investors will experience immediate dilution

Given the [REDACTED] of our Shares is higher than the combined net tangible assets per Share immediately prior to the [REDACTED], investors of our [REDACTED] in the [REDACTED] will experience an immediate dilution in the unaudited [REDACTED] adjusted combined net tangible assets value to approximately HK\$[REDACTED] per Share and HK\$[REDACTED] per Share, respectively, based on the indicative [REDACTED] of HK\$[REDACTED] per [REDACTED] to HK\$[REDACTED] per [REDACTED].

There has been no prior public market for the [REDACTED] and the liquidity, market price and trading volume of the [REDACTED] may be volatile

Prior to the [REDACTED], there is no public market for the [REDACTED]. The [REDACTED] of, and the [REDACTED] in, the [REDACTED] on the Stock Exchange do not guarantee the development of an active public market or the sustainability thereof following completion of the [REDACTED]. Factors such as variations in our Group’s revenues, earnings and cash flows, acquisitions made by our Group or our competitors, industrial or environmental accidents suffered by our Group, loss of key personnel, litigation or fluctuations in the market prices for the services provided or supplies required by our Group, the liquidity of the market for the [REDACTED], and the general market sentiment regarding the construction industry in the PRC could cause the market price and trading volume of the [REDACTED] to change substantially. In addition, both the market price and liquidity of the [REDACTED] could be adversely affected by factors beyond our Group’s control and unrelated to the performance of our Group’s business, especially if the financial market in Hong Kong experiences a significant price and volume fluctuation. In such cases, investors may not be able to sell their [REDACTED] at or above the [REDACTED] or at all.

Granting options under the Share Option Scheme may affect our Group’s results of operation and dilute Shareholders’ percentage of ownership

Our Company may grant share options under the Share Option Scheme in the future. The fair value of the options on the date on which they are granted with reference to the valuer’s valuation will be charged as share-based compensation, which may adversely affect our Group’s results of operation. Issuance of Shares for the purpose of satisfying any award made under the Share Option Scheme will also increase the number of Shares in issue after such issuance and thus may result in the dilution to the percentage of ownership of the Shareholders and the net asset value per Share. No option has been

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granted pursuant to the Share Option Scheme as at the Latest Practicable Date. For a summary of the terms of the Share Option Scheme, please see the paragraph headed “D. Share Option Scheme” in Appendix IV to this document.

Any disposal by our Controlling Shareholders of a substantial number of Shares in the public market could materially and adversely affect the market price of the Shares

There is no guarantee that our Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the [REDACTED]. Our Group cannot predict the effect, if any, of any future sales of the Shares by any Controlling Shareholders, or that the availability of the Shares for sale by any Controlling Shareholders may have on the market price of the Shares. Sales of a substantial number of Shares by any Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing market price of the Shares.

The [REDACTED] is entitled to terminate the [REDACTED]

Prospective investors should note that the [REDACTED] (for itself and on behalf of the [REDACTED]) is entitled to terminate its obligations under the [REDACTED] by giving notice in writing to us upon the occurrence of any of the events set out in the section headed “[REDACTED] — [REDACTED] arrangements and expenses — The [REDACTED] — Grounds for termination” in this document at any time prior to 8:00 a.m. (Hong Kong time) on the [REDACTED]. Such event may include, without limitation, any act of God, military action, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, terrorism, strike or lock-out.

The interest of our Controlling Shareholders may not always coincide with the interest of our Group and those of our other Shareholders

Upon completion of the [REDACTED], our Controlling Shareholders will own approximately [REDACTED]% of our Shares in aggregate. Our Controlling Shareholders will therefore, have a significant influence over the operations and business strategies of our Group, and may have the ability to require our Group to effect corporation actions according to their own desires. The interests of our Controlling Shareholders may not always coincide with the best interests of other Shareholders. If the interests of any of our Controlling Shareholders conflict with the interests of other Shareholders, or if any of our Controlling Shareholders chooses to cause our Group’s business to pursue strategic objectives that conflict with the interests of other Shareholders, our Group or those other Shareholders may be adversely affected as a result.

Future issues, offers or sales of Shares may adversely affect the prevailing market price of the Shares

Future issue of Shares by our Company or the disposal of Shares by any of the Shareholders or the perception that such issue or sale may occur, may negatively impact the prevailing market price of the Shares. We cannot give any assurance that such event will not occur in the future.

There can be no assurance that we will declare or distribute any dividend in the future

No dividend has been paid or declared by our Company or any of its subsidiaries during the Track Record Period. Subject to the Companies Act and the Articles, our Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by our Board. Our Board may also from time to time pay to our Shareholders such interim dividends as appear to our Board to be justified by the financial conditions and the profits of our Company, and may in

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addition from time to time declare and pay special dividends of such amounts and on such dates and out of such distributable funds of our Company as it thinks fit. Any decision to pay dividends will be made having regard to factors such as the results of operation, financial condition and position, and other factors deemed relevant by our Board. Any distributable profits that are not distributed in any given year may be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operation. There can be no assurance that we will be able to declare or distribute any dividend. Our future declarations of dividends will be at the absolute discretion of our Board.

RISKS RELATING TO THIS DOCUMENT

No representation is given as to the accuracy of the information from official government sources

The information and statistics set out in the section headed “Industry overview” and other sections of this document were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Industry Report, an independent industry report, in connection with the [REDACTED]. However, the information from official government sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

You should read the entire document and we strongly caution you not to place any reliance on any information contained in press articles or media regarding us or the [REDACTED]

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Our Group’s future results could differ materially from those expressed or implied by the forward-looking statements

Included in this document are various forward-looking statements that are based on various assumptions. Our Group’s future results could differ materially from those expressed or implied by such forward-looking statements. For details of these statements and the associated risks, please refer to the section headed “Forward-looking statements” in this document. Investors should read this entire document carefully and we strongly caution you not to place any reliance on any information (if any) contained in press articles or other media regarding us and the [REDACTED] including, in particular, any financial projections, valuations or other forward-looking statements.

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INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

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Name	Residential Address	Nationality
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<i>Non-executive Directors</i>		
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<i>Independent non-executive Directors</i>		
Mr. Chan Chi Hang (陳志恒)	Flat H, 24/F, Block 25, Laguna City, Kwun Tong, Kowloon, Hong Kong	Chinese
Mr. Jian Zhentao (簡振濤)	No. 09, 28/F, Staircase 1, Yihu Mansion (Block 6), Huifeng Mansion, No. 38 Ximentang, Qingcheng District, Qingyuan China	Chinese
Mr. Xue Yanguang (薛延光)	No. 03, 5/F, Staircase A, No. 2 Building, Wonderful Residence, No. 7 Zhenxing Road, New Town, Qingyuan, China	Chinese

For further information on the profile and background of the Directors, please refer to the section headed “Directors and Senior Management” in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

Patrons Capital Limited

A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

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[REDACTED]

[REDACTED] and
[REDACTED]

[•]

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As to PRC law
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CORPORATE INFORMATION

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Principal place of business in Hong Kong	Room 1603, 16/F China Building 29 Queen’s Road Central Central Hong Kong
Company’s website	<u>http://yueyuanjs.com/</u> <i>(The information on the website does not form part of this document)</i>
Company secretary	Mr. Leung Hoi Ki (梁海祺) <i>Certified Public Accountant</i> Room 11, 7/F Fook Lam House Kwong Lam Court Shatin, New Territories Hong Kong
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CORPORATE INFORMATION

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Mr. Xue Yanguang (薛延光) (*Chairman*)
Mr. Liu Canquan (劉燦權)
Mr. Chan Chi Hang (陳志恒)

Nomination Committee

Mr. Liu Ruquan (劉汝權) (*Chairman*)
Mr. Jian Zhentao (簡振濤)
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INDUSTRY OVERVIEW

The information contained in this section, unless otherwise indicated, have been derived from various official government publications and other publications generally believed to be reliable and the market research report prepared by Frost & Sullivan which we commissioned. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED] and the [REDACTED], the [REDACTED], any of our or their respective directors and advisors, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy. As such, you should not unduly rely upon such information in making, or refraining from making, any investment decision.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the curtain wall market in the PRC. We agreed to pay Frost & Sullivan a fee of RMB550,000 which we believe reflects market rates for reports of this type, the payment of such amount was not conditional on our Group’s successful [REDACTED] or on the result of the Industry Report. The Industry Report is prepared independent of our Group’s influence.

Founded in 1961, Frost & Sullivan has 40 offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists globally. Frost & Sullivan’s services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence and corporate strategy.

Frost & Sullivan’s independent research consists of both primary and secondary research obtained from various sources in respect of the curtain wall market in the PRC. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan’s own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Industry Report, various official government publications and other publications.

In compiling and preparing the research, Frost & Sullivan assumed that the social, economic and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the steady development of the curtain wall market in the PRC.

OVERVIEW OF CURTAIN WALL MARKET IN THE PRC

Definition of Curtain Wall Work

Curtain wall work encompasses the research and development, design, production, and installation of non-load-bearing exterior wall systems, being building facades typically consisting of a mix of lightweight materials such as aluminum, glass, and steel hung on the structure of a building. These systems are designed to provide a building’s exterior with enhanced aesthetic appeal, improved energy efficiency, and protection from environmental factors such as wind, water, dirt, heat, coldness, noise and light.

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It is common for curtain wall works companies in the PRC to allocate their resources strategically on the processing of curtain wall products and undertake the role of project management and supervision in carrying out the installation works on construction sites. As such, curtain wall works companies in the PRC would generally engage subcontractors to perform the related curtain wall assembly and installation works. Depending on the terms of engagements, contractors in the PRC construction industry may directly settle the wages of the site workers deployed by their subcontractors. It is common for contractors in the PRC construction industry to directly settle the wages of their subcontractors in order to offer better protection and ensure timely settlement of wages to the employees of the subcontractors.

Market Size of Curtain Wall by Revenue Generated in the PRC, Breakdown by Nature of Ownership

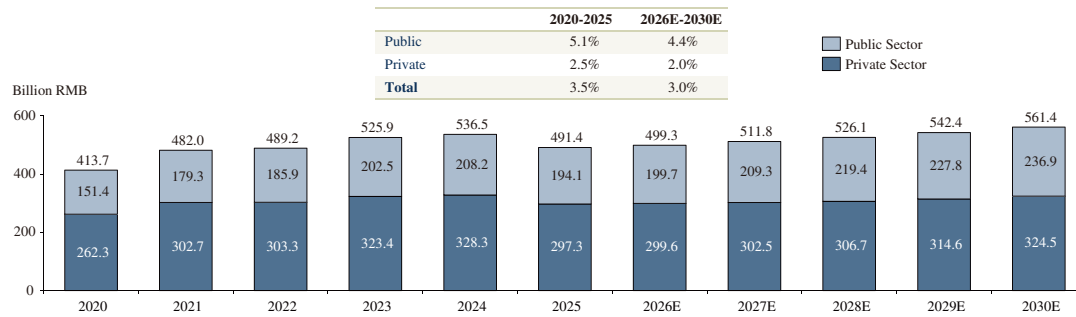
The public sector, which includes curtain wall projects financed by government entities, public institutions, and state-owned enterprises, has experienced a growth rate with a CAGR of 5.1% from 2020 to 2025, primarily driven by the government’s ongoing investment in infrastructure and public facilities development, where modern building façades are essential components of public buildings. Further, the public sector encompasses various specialised facilities such as 5G networks base stations, big data centers, and smart power plants, which require sophisticated curtain wall systems to maintain optimal internal environments and ensure energy efficiency. In recent years, the segment has benefitted from favorable government policies, such as the “Guiding Opinions on Actively and Steadily Promoting the Renovation of Urban Villages in Super-large and Mega Cities” (《關於在超大特大城市積極穩步推進城中村改造的指導意見》) issued by the State Council Office in July 2023, which promote nationwide integrated urban-rural infrastructural development. Furthermore, the Third Plenary Session of the 20th CPC Central Committee (《第20屆三中全會評析》) in July 2024 emphasized the importance of improving mechanisms for modern infrastructure construction, which is expected to further boost demand in this sector. Notable examples of sizeable curtain wall public sector projects under construction include the Guangzhou Smart City Infrastructure Construction and Zhongguancun Artificial Intelligence Innovation Park, where large-scale curtain wall installations are being implemented to achieve both aesthetic excellence and functional performance in terms of thermal insulation, natural lighting, and energy conservation in these development projects. Given these policy supports and the increasing recognition of curtain wall systems as integral components of modern public infrastructure, the public sector is expected to maintain and growth steadily with a forecasted CAGR of 4.4% from 2026 to 2030.

In contrast, the private sector, encompassing curtain wall projects for privately-owned residential, commercial, and industrial buildings, has experienced a slower growth rate with a CAGR of 2.5% from 2020 to 2025. The growth in the private sector is influenced by factors such as economic conditions, real estate market trends, and private investment in construction projects. Despite the slower growth, the private sector still holds a significant share in the curtain wall market, driven by the demand for premium and customized solutions in high-end projects. The ongoing recovery in office construction, rising demand for energy-efficient building envelopes in corporate structures, and the refurbishment of existing commercial buildings are expected to support the private sector’s growth. Large-scale urban renewal projects, such as the Hubei Coordination Urban Renewal Scheme in Shenzhen, exemplify the potential for significant curtain wall applications in the private sector. Going forward, the private sector is projected to grow at a CAGR of 2.0% from 2026 to 2030, supported by initiatives like the Shenzhen Three-Year Action Plan to Promote the Development of Modern Engineering Service Industry (2024–2026) (《深圳市推動現代工程服務業發展三年行動計劃(2024–2026年)》), which propels the development of commercial areas and logistics parks such as the Shenzhen North Railway Station

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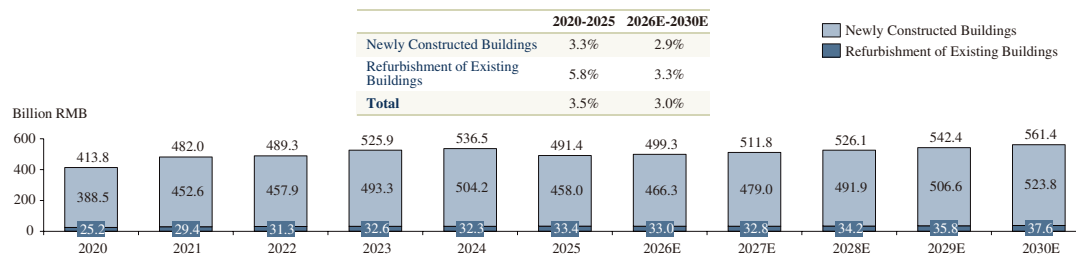
International Business Area and South China Logistics Park. Besides, notable examples of sizeable curtain wall commercial projects under construction include the Rizhao Center, Chengdu Tianfu Center, China Resources Hubei Tower in Shenzhen are driving the continuous demand.

Market Size of Curtain Wall by Revenue Generated, Breakdown by Nature of Ownership (The PRC), 2020-2030E



Source: Annual Reports of Listed Companies, Frost & Sullivan

Market Size of Curtain Wall by Revenue Generated, Breakdown by Newly Constructed Buildings and Refurbishment of Existing Buildings (The PRC), 2020-2030E



Source: Source: Annual Reports of Listed Companies, Frost & Sullivan

The newly constructed buildings segment dominated the curtain wall market, accounting for approximately 93.2% of the total market share in 2025. The comparatively significant market share is attributed to several factors: (i) the extensive scale of new construction projects in China, particularly in developing urban areas; (ii) the lower complexity and cost-effectiveness of installing curtain walls during initial construction compared to retrofitting; and (iii) the widespread adoption of curtain wall systems as a standard feature in modern architectural designs for new buildings. The segment is expected to maintain steady growth with a projected CAGR of 2.9% from 2026 to 2030, reaching RMB523.8 billion by 2030.

The refurbishment of existing buildings segment, representing the remaining 6.8% of the market in 2025, expanded from RMB25.2 billion in 2020 to RMB33.4 billion in 2025, achieving a CAGR of 5.8%. The relatively smaller market share reflects the challenges associated with retrofitting existing buildings, including higher installation complexity, additional structural considerations, and potential disruption to building occupants.

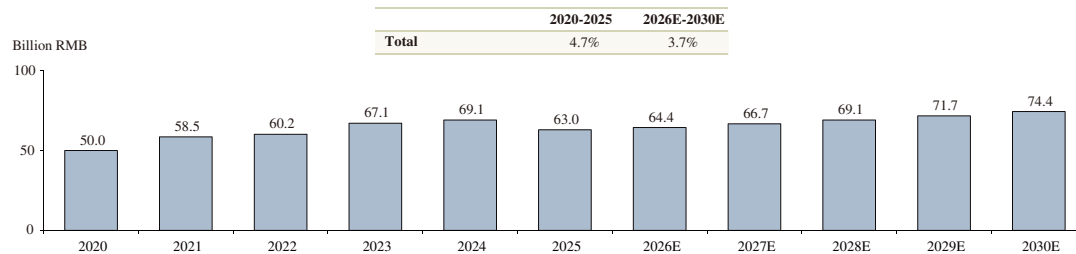
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Market Size of Curtain Wall by Revenue Generated in Guangdong Province

The curtain wall market in Guangdong Province increased from RMB50.0 billion in 2020 to RMB63.0 billion in 2025, representing a CAGR of 4.7%. The robust growth in the curtain wall market in Guangdong Province was mainly driven by the expansion in the market size of the construction industry in Guangdong Province.

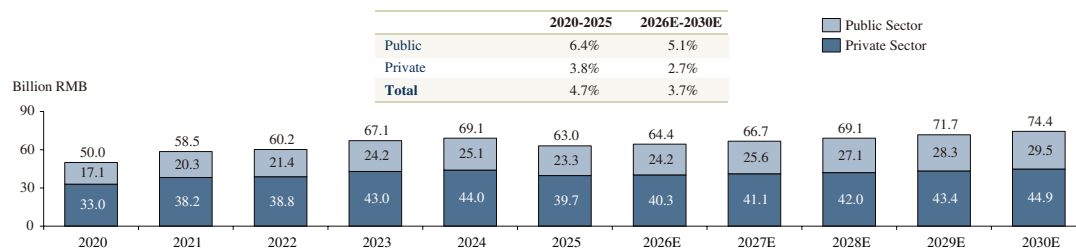
The growth in the curtain wall market in Guangdong Province is expected to persist, with the market projected to expand at a CAGR of 3.7% from 2026 to 2030, reaching RMB74.4 billion by 2030. The Guangdong government has recently released development plans for the five major metropolitan areas in Guangdong Province, namely Shenzhen, Guangzhou, West Bank of Pearl River Estuary, Shantou-Chaozhou-Jieyang, and Zhanjiang-Maoming. The development of these metropolitan areas will involve substantial infrastructure projects, urban upgrades, and the construction of modern, energy-efficient buildings, creating a strong demand for advanced curtain wall solutions.

Market Size of Curtain Wall by Revenue Generated (Guangdong Province), 2020-2030E



Source: Annual Reports of Listed Companies, Frost & Sullivan

Market Size of Curtain Wall by Revenue Generated, Breakdown by Nature of Ownership (Guangdong Province), 2020-2030E



Source: Annual Reports of Listed Companies, Frost & Sullivan

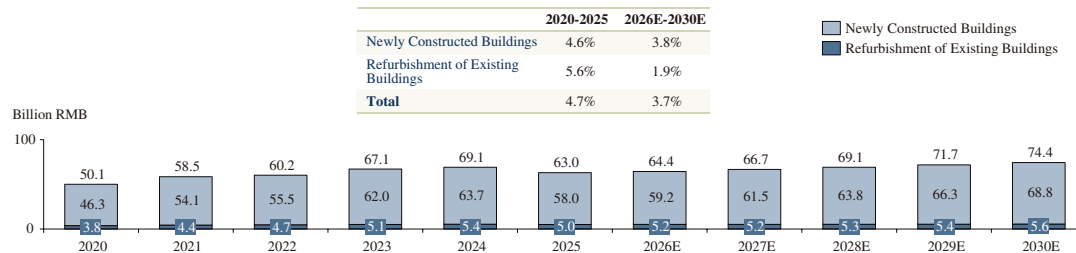
The public sector curtain wall market in Guangdong Province grew from RMB17.1 billion in 2020 to RMB23.3 billion in 2025, representing a CAGR of 6.4%, driven by comprehensive government policies, including the “Guangdong Province Public Building Energy Efficiency Design Standard” (《廣東省公共建築節能設計標準》) and the “Guangdong Province 14th Five-Year Plan for Building Energy Conservation and Green Building Development” (《廣東省建築節能與綠色建築發展“十四五”規劃》) which mandates improved building envelope performance, thereby stimulating demand for high-performance and advanced curtain wall systems. The “Guiding Opinions on Urban Village Development in Guangdong Province” (《廣東省城中村發展指導意見》), have also contributed to

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market growth by requiring modern building façade solutions in renovation projects. The sector is expected to maintain strong growth with a projected CAGR of 5.1% from 2026 to 2030, reaching RMB29.5 billion by 2030, supported by continued infrastructure development initiatives.

The private sector expanded from RMB33.0 billion in 2020 to RMB39.7 billion in 2025, achieving a CAGR of 3.8%, driven by commercial real estate developments in the Greater Bay Area, including skyscrapers such as Guang Shang Center in Guangzhou and China Merchants Bank Global Headquarters Complex in Shenzhen which are under construction stage. The sector is projected to grow at a CAGR of 2.7% from 2026 to 2030, reaching RMB44.9 billion by 2030, supported by ongoing urbanization despite a more regulated real estate environment.

Market Size of Curtain Wall by Revenue Generated, Breakdown by Newly Constructed Buildings and Refurbishment of Existing Buildings (Guangdong Province), 2020-2030E



Source: Annual Reports of Listed Companies, Frost & Sullivan

The newly constructed buildings segment in Guangdong Province dominated with 92.1% of total market share in 2025, growing at a CAGR of 4.6% from 2020 to 2025. The share is slightly lower than the national average of 93.2%, primarily due to Guangdong’s earlier adoption of urban renewal policies and building modernization initiatives, which has created a more established refurbishment market. The segment is projected to grow at a CAGR of 3.8% from 2026 to 2030. The refurbishment of existing buildings segment represented 7.9% of the market, with a CAGR of 5.6% from 2020 to 2025. This share is higher than the national average of 6.8%, reflecting Guangdong’s proactive approach to upgrading existing buildings, particularly in mature urban areas of the Greater Bay Area. The segment is expected to grow at a CAGR of 1.9% from 2026 to 2030, driven by energy efficiency upgrades and urban renewal projects.

Market Drivers

1. Urban development and economic growth

The curtain wall industry in the PRC was mainly driven by commercial and public infrastructure development. According to the National Bureau of Statistics, the construction industry’s gross output value grew from RMB1,842.9 billion to RMB2,396.0 trillion from 2020 to 2025, representing a CAGR of 5.4% in the Guangdong Province. The curtain wall market in the PRC expanded from RMB413.8 billion to RMB491.4 billion during the same period, with a CAGR of 3.5%, while the curtain wall market in the Guangdong Province has outgrown the PRC curtain wall market as a whole with a CAGR of 4.7%. The growth is largely attributed to Guangdong’s urban development plans, as outlined in the Shenzhen’s 14th Five-Year Plan for High-Quality Development of Modern Construction Industry (《深圳市現代建築業高質量發展「十四五」規劃》) in 2022, which emphasises the construction of new urban centers, transportation hubs, and public facilities, driving demand for sophisticated curtain wall systems in commercial complexes, government buildings, and infrastructure projects. As urban centers

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expand, there is a rising demand for modern commercial and residential buildings. This creates opportunities for private developers to invest in high-quality structures that incorporate advanced curtain wall systems. The Guangdong Provincial Department of Housing and Urban-Rural Development Measures to Deepen the Reform of Construction Enterprise Qualification Management and Support the High-Quality Development of Construction Enterprises (《廣東省住房和城鄉建設廳關於深化建設工程企業資質管理改革支持建築業企業高質量發展的若干措施》) in 2023 further supports this trend by encouraging new urban construction, new infrastructure, and comprehensive community building. In particular, by establishing a communication mechanism to provide technical and policy consulting services, the government supports private companies to enhance their capabilities. This leads to more sophisticated projects, including those featuring advanced curtain wall systems in private sector. Driven by the aforementioned policies introduced by the PRC Government, the curtain wall industry in the PRC and Guangdong Province are expected to increase to RMB561.4 billion and RMB74.4 billion by 2030, representing CAGRs of 3.0% and 3.7% respectively from 2026 to 2030, with commercial and public infrastructure segments expected to play a key role in this growth.

2. Emphasis on energy efficiency and sustainability of curtain wall

The emphasis on energy efficiency and sustainability has emerged as a significant market driver in the curtain wall industry in the PRC, as evidenced by the promulgation of the “Work Program on Accelerating the Promotion of Energy Conservation and Carbon Reduction in the Building Sector” (《加快推動建築領域節能降碳工作方案》) by the PRC government in 2024. Such program, jointly issued by the National Development and Reform Commission and the Ministry of Housing and Urban-Rural Development, aims to enhance energy efficiency and reduce carbon emissions in the building sector. It sets specific targets, such as increasing the area of newly constructed ultra-low energy consumption and near-zero energy consumption buildings, and emphasises the development and application of advanced energy-saving and carbon-reduction technologies in the building sector. The national initiative has spurred action at the provincial level as well. For instance, Guangdong’s commitment to sustainable development is evident in its green building initiatives, with new green buildings reaching over 85% of new construction in 2023, often requiring advanced curtain wall solutions. In response, the curtain wall industry is increasingly incorporating high-performance insulation, smart glazing, photovoltaic integration, thermal break technology, and sustainable materials into curtain wall systems, contributing to the creation of more energy-efficient and environmentally friendly buildings in the PRC. This demand can lead private developers to incorporate high-performance curtain walls in their projects to meet stringent energy standards. The promotion of ultra-low energy buildings and the encouragement for public buildings to adhere to these standards create a market for innovative construction techniques. Private property developers will likely adopt curtain walls to achieve these energy efficiency goals, as these systems can significantly reduce energy consumption. The combination of supportive government policies and the curtain wall industry’s proactive response to sustainability has led to a steady and significant growth in the market size of the curtain wall industry in the PRC over the years.

3. Technological advancements in curtain wall materials

The curtain wall industry in the PRC has witnessed significant technological advancements in recent years, focusing on enhancing the performance, functionality, and durability of curtain wall products. The introduction of innovative materials, such as high-performance organic composites offering superior sound insulation, thermal insulation, wear resistance, corrosion resistance, and UV protection, has greatly improved the overall functionality and longevity of curtain walls. Additionally, the development of nano self-cleaning surfaces utilising photocatalytic properties of nanomaterials like titanium dioxide has gained traction, enabling the creation of low-maintenance, aesthetically appealing curtain walls. Furthermore, the integration of smart technologies, including electrochromic glass and photovoltaic cells, has expanded the possibilities for energy efficiency and user comfort in modern

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buildings. These advancements have not only driven innovation and competitiveness of the PRC curtain wall industry, but have also addressed market needs, thereby may further induce the demand for advanced curtain wall solutions. Enhanced energy efficiency aligns with sustainability requirements and cost concerns, appealing to those seeking green certifications and long-term savings. Integrated smart technologies improve both energy performance and occupant comfort, attracting mid-end and high-end projects. Improved durability and low-maintenance features reduce lifecycle costs, appealing to cost-conscious developers. As urbanisation and smart city initiatives grow, demand for these advanced, efficient, and versatile curtain wall solutions is expected to surge, expanding the industry’s growth potential and thereby benefiting companies investing in research and development to capitalise on the growing demand for high-quality, sustainable, and smart curtain wall solutions in this rapidly evolving market.

Market Trends and Opportunities

1. Streamlining production and installation processes

As companies strive to meet the growing demand for curtain walls while dealing with rising labour costs, the streamlining of production and installation processes has become a significant market driver in the curtain wall industry. In the production phase, curtain wall solutions providers are transitioning from traditional fabrication methods to intelligent manufacturing, which involves the integration of advanced technologies, such as automation, robotics, and digital systems, into the fabrication process. Besides, by standardising curtain wall components and implementing digital coding systems, curtain wall solutions providers can effectively identify, track, and implement quality control throughout the production line. Networked sensors and real-time data collection allow for better monitoring and optimisation of equipment performance, leading to improved efficiency and reduced downtime. Besides, the installation phase is also undergoing a transformation, with the adoption of intelligent practices. Curtain wall solutions providers are leveraging digital tools, such as Building Information Modeling (BIM), to streamline the on-site assembly and integration of curtain wall components. The use of prefabricated and modular components, which reduces on-site labour requirements and installation time, is also becoming increasingly common.

2. Provision of comprehensive curtain wall solutions

Driven by the growing complexity of building designs, the need for seamless integration of curtain wall systems with other building components, and the desire to minimise coordination challenges among multiple stakeholders, provision of comprehensive curtain wall solutions has emerged as a significant market trend in the PRC’s curtain wall industry. Curtain wall solutions providers which offer full range of services, from initial design and engineering to manufacturing, installation, and post-installation support, can better manage the entire curtain wall project lifecycle, ensuring consistent quality, optimising resource allocation, and reducing the risk of delays and cost overruns.

Market Challenges and Threats

1. Real estate industry downturn and property cooling measures introduced by the PRC Government

As the curtain wall industry heavily relies on the progress and timely completion of construction projects, delays or slowdowns in these sectors can have a ripple effect on the entire supply chain of the curtain wall industry. The series of macro-control policies issued by the PRC Government which target to hinder the growth in property prices and restrict the total amount of real estate investment may affect the growth of the real estate industry and therefore the demand for curtain wall works. The potential

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cooling of the PRC’s real estate market, along with shifts in policy priorities and budgetary constraints for government-backed infrastructure projects, may lead to impediment of several projects. In spite of the challenges, recent initiatives promulgated by the PRC government in 2024 has aimed to stabilize and stimulate the property sector. For instance, the “white list” of real estate projects approved for loans is expected to double to over RMB4 trillion by the end of 2024, potentially benefiting the construction sector and the curtain wall industry. Additionally, in 2024, various local governments have introduced measures to stimulate housing demand, such as relaxing purchase restrictions, lowering down payment requirements, and offering subsidies. To navigate these challenges, curtain wall companies shall diversify their project portfolios, focusing on various building type segments, and invest in innovative technologies and sustainable practices to enhance their competitive edge and align with the government’s emphasis on green building and energy efficiency.

2. *Volatility in raw material supply and price*

The curtain wall market in the PRC is grappling with a significant challenge posed by the volatility in raw material and labour supply. Fluctuating prices and availability of key raw materials, such as aluminum, glass, and steel, can have a profound impact on the cost structure and profitability of curtain wall manufacturers and contractors. Global supply chain disruptions, trade tensions, and economic uncertainties exacerbate this volatility, making it difficult for companies to maintain stable pricing, accurately estimate project costs, and submit competitive bids.

3. *Shortage of skilled labour*

As the demand for complex and innovative curtain wall systems grows, the industry is grappling with a scarcity of qualified professionals in design, fabrication, installation, and project management. The skill gap which is attributed to factors such as rapid technological advancements, lack of comprehensive training programs, and limited collaboration between industry and educational institutions, can lead to project delays, compromised quality, increased labour costs, and hindered innovation.

COST ANALYSIS

Raw Material Cost

From 2020 to 2025, owing to robust demand for aluminum for various downstream application and controlled aluminum production capacity by the PRC Government, the prices of aluminum grew at a CAGR of 6.5%. The supply-demand imbalance which has put upward pressure on prices of aluminum was primarily attributable to (i) the PRC Government’s strict control over aluminum smelting capacity, as outlined in their Energy Conservation and Carbon Reduction Action Plan (2024 – 2025年節能降碳行動方案), which has constrained the supply side; (ii) in the second half of 2021, power supply became relatively tight due to power rationing policy nationwide, which affected the capacity utilisation of aluminum production. Besides, the power rationing policy involves price reform by removing the upper limit on electricity prices for high energy-consuming enterprises including aluminum production companies, leading to an increase in aluminum production costs; (iii) with the PRC accounting for approximately 88.8% of the import volume of aluminum ore in 2025, the import price of aluminum ore in the PRC increased from RMB304.7 per ton in 2020 to RMB534.8 per ton in 2025, representing a CAGR of approximately 11.9%, exerting upward pressure on the domestic price; (iv) downstream industries such as aerospace, new energy vehicles, photovoltaics, real estate construction, and transportation have exhibited strong demand for aluminum materials, especially after the economic recovery and rebound following the adverse impact brought by the COVID-19; and (v) key projects and

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developments, such as the C919 aircraft’s commercial maiden flight, the rapid growth of new energy vehicles, and record-high photovoltaic installations, have provided long-term benefits to the aluminum industry, contributing to the sustained price increase in historical period and expected future.

Taking into consideration (i) the increasing demand for aluminum from high-end applications in sectors such as new energy vehicles, high-speed rail, shipbuilding, and aviation; (ii) the sustained limitation in production capacity of aluminum; and (iii) increased trade risks which may lead to obstructions in metal circulation, the aluminum industry may continue to experience mismatch in supply and demand and the price index of aluminium is expected to increase at a CAGR of approximately 4.0% during the period from 2026 to 2030.

The price index of glass decreased at a CAGR of approximately -5.8% from 2020 to 2025. While there was a significant price surge in 2021 due to supply shortages resulting from the outbreak of COVID-19, this was subsequently offset by a continuous and sharp moderation from 2022 to 2025, largely driven by the broader slowdown in the real estate and construction sectors. Looking ahead, the price index of glass is expected to continue its downward trend at a CAGR of approximately -2.3% from 2026 to 2030.

The price index of steel declined at a CAGR of approximately 2.5% from 2020 to 2025 a slight slowdown in the real estate sector, which impacted domestic demand for construction steel, combined with persistent industrial abundant capacity that kept supply levels high despite the slightly lowering consumption. The price index is expected to rebound at a CAGR of 0.7% during 2026 to 2030, with an expected rebound of the economy and construction market in the long run.

The price index of granite increased at a CAGR of 0.6% from 2020 to 2025 which was mainly attributable to the stable demand and supply of granite. Driven by the ongoing demand for granite in construction and interior design applications, the price index of granite is projected to grow at a CAGR of 0.6% during 2026 to 2030.

Price index of raw material cost of the Curtain Wall Industry in the PRC, 2020-2030E

Price index (2020 = 100)	2020	2021	2022	2023	2024	2025	2026E	2030E	CAGR (2020- 2025)	CAGR (2026- 2030E)
Aluminum	100	127.9	130.4	122.6	130.5	137.1	157.2	183.9	6.5%	4.0%
Glass	100.0	147.9	107.7	107.2	101.9	74.3	68.5	69.6	-5.8%	-2.3%
Steel	100.0	124.8	116.3	106.9	97.1	88.3	86.2	88.6	-2.5%	0.7%
Stone- Granite	100	102.3	104.0	105.4	106.5	103.2	102.5	104.9	0.6%	0.6%

Source: China Building Materials Federation, China Iron & Steel Association, National Bureau of Statistics, Frost & Sullivan

Note: Aluminum price index refers to “Domestic spot market of aluminum in the PRC”, extracted from the “China Building Materials Industry Economic Operation Report” (《中國建材行業經濟運行報告》), Glass price index refers to future price of glass domestically in the PRC, Steel price index refers to “China Steel Price Index” extracted from CSPI 中國鋼材價格指數, and granite price index was made reference from trade interview with industry experts.

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Labour Cost

The major types of workers engaged in the curtain wall industry mainly include (i) production and construction machinery and equipment operators who are responsible for operating machinery, assembling components, handling materials, and performing on-site installations; (ii) professional technicians who are skilled workers with specialised technical knowledge, responsible for designing curtain wall systems, creating technical drawings, performing engineering calculations, conducting material tests, and ensuring compliance with building codes; and (iii) managerial staff who oversee the overall operations of curtain wall projects, manage project management teams, and handle client relationships.

The average monthly salary of the major types of workers engaged in the curtain wall industry, including production and construction machinery and equipment operator, professional technician and managerial staff increased at a CAGR of approximately 3.1% to 4.9% during 2020 to 2024, reflecting the upward pressure on labour costs due to inflation and shortage of skilled labour.

Going forward, in line with steady projected per capita macroeconomics figures and considering stable economic growth, the average monthly salary of production and construction machinery and equipment operator, professional technician and managerial staff are expected to increase at CAGRs of 3.8%, 3.3% and 1.4% respectively during 2025 to 2029.

Average monthly salary of major types of worker engaged in the curtain wall industry (the PRC), 2020-2029E

RMB	2020	2021	2022	2023	2024	2025E	2029E	CAGR (2020- 2024)	CAGR (2025- 2029E)
Production and construction machinery and equipment operator	4,817	5,111	5,201	5,573	5,767	5,986	6,949	4.6%	3.8%
Professional technician	6,408	6,869	7,056	7,523	7,759	8,015	9,126	4.9%	3.3%
Managerial staff	9,641	10,273	10,494	10,907	10,894	11,047	11,678	3.1%	1.4%

Note: Official labour cost data in 2025 is was not yet released up to the Latest Practicable Date.

COMPETITIVE LANDSCAPE OF CURTAIN WALL INDUSTRY IN THE PRC

In 2025, the curtain wall industry in China is fiercely competitive, with more than more than 8,000 class I qualification for professional contracting of building curtain wall engineering approved by the Ministry of construction. The market is progressively differentiated as the requirement for architectural curtain wall companies in terms of technology, performance, capital, management, and other comprehensive strengths increase in tandem with the growing number and volume of curtain wall projects. However, most of the iconic and crucial curtain wall projects are contracted by leading curtain wall enterprises. In 2025, the top 10 curtain wall works companies in the PRC account for approximately 6.6% of the total market share in terms of total revenue from curtain wall work in the PRC, which indicates the overall curtain wall work market is relatively fragmented. In 2025, the Group has accounted for 0.1% of the total market share in terms of total revenue from curtain wall work in the PRC. As the future of industry concentration and scale continues to deepen, industry leading players that possess the capacity to undertake complex, innovative, and comprehensive projects, as well as expertise, technical know-how, and brand advantages, will emphasize their competitive advantages in the market.

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Ranking of Top 10 Curtain Wall Works Companies by Revenue (The PRC), 2025					
Rank	Market participant	Stock code	Ownership	Revenue (RMB Billion)	Market Share (%)
1	Beijing Jangho Curtain Wall Co., Ltd. (江河創建集團股份有限公司)	601886.SZ	Non-state Owned	8.9	1.8%
2	China State Decoration Group Co., Ltd. (中國建築裝飾集團有限公司)	Private	State-owned	3.4	0.7%
3	Shenzhen Boda Construction Group Co., Ltd. (深圳市博大建設集團有限公司)	Private	Non-state Owned	3.3	0.7%
4	Zhongan Group (浙江中南集團)	Private	Non-state Owned	3.2	0.6%
5	Zhejiang Yasha Decoration Co., Ltd. (浙江亞廈裝飾股份有限公司)	002375.SZ	Non-state Owned	3.1	0.6%
6	Hainan Development Holdings Nanhai Co., Ltd. (海控南海發展股份有限公司)	002163.SZ	State-owned	2.7	0.5%
7	China Construction Fifth Engineering Division Corp., LTD (中國建築第五工程局有限公司)	Private	State-owned	2.7	0.5%
8	CHINA FANGDA GROUP CO., LTD (方大集團股份有限公司)	000055.SZ	Non-state Owned	2.5	0.5%
9	Suzhou Gold Mantis Construction and Decoration Co., Ltd. (蘇州金螳螂建築裝飾股份有限公司)	002081.SZ	Non-state Owned	1.5	0.3%
10	Guangdong Rising Holdings Group Co., Ltd. (廣晟控股集團)	Private	State-owned	1.5	0.3%
Top 10 Sub-total				32.6	6.6%
Total				491.4	100.0%

Source: Annual Reports of Listed Companies, Frost & Sullivan

Note:

- Beijing Jangho Curtain Wall Co., Ltd is a curtain wall system overall solution provider, integrating product development, engineering design, precision manufacturing, installation, consulting services, and product export, with operations in over 20 countries and regions worldwide, including R&D centers and production bases in Beijing, Shanghai, Guangzhou, Chengdu, Wuhan, and others. Its subsidiary, Guangzhou Jianghe Curtain Wall System Engineering Co., Ltd. (廣州江河幕牆系統工程有限公司), mainly provides curtain wall and design business in the Pearl River Delta economic zone. Till the end of 2023, the company has mainly completed curtain wall services for China Resources Building (Spring Bamboo), Tencent Building, Qianhai Shekou Free Trade Zone, etc., in Shenzhen. The company had a total number of approximately 9,483 employees in 2023.
- Zhongan Group mainly operates in the engineering, construction, and cultural industry. Its wholly-owned core subsidiary, Zhejiang Zhongan Curtain Wall Co., Ltd (浙江中南幕牆科技股份有限公司), is primarily responsible for curtain wall engineering contracting and design. Leveraging the company’s strong technical and research capabilities, it boasts a modern curtain wall production and processing base covering 80,000 square meters. In China, the company has completed notable curtain wall engineering projects, such as the Hangzhou Zhijiang Convention Center building curtain wall. The company had a total number of approximately 25,000 employees in 2023.
- Shenzhen Boda Construction Group Co., Ltd is a set of product development, engineering design, curtain wall manufacturing, export of finished products in one of the construction engineering enterprises, mainly providing decoration, curtain wall, MEP engineering and other refined services with business throughout the PRC. In Shenzhen, the company has mainly completed curtain wall projects represented by Coastal City in Nanshan District, the Third People’s Hospital in Pingshan, and Baoneng Deep Business Flow Center. The company had a total number of more than 1,000 employees in 2023.
- Zhejiang Yasha Decoration Co., Ltd. is an integrated enterprise in the architectural decoration industry, with the main business of architectural decoration and renovation engineering, architectural curtain wall engineering, and intelligent system integration. Its subsidiary, Zhejiang Yaxia Curtain Wall Co. (浙江亞廈幕牆有限公司), provides architectural decoration, curtain wall and installation services nationwide. Relying on the company’s leading quality and technology, the company has completed curtain wall projects represented by Tianjin Hongtai Commercial Plaza in China. The company had a total number of approximately 5,006 employees in 2023.
- China State Decoration Group Co., Ltd is subordinate to China State Construction and is one of the largest architectural decoration enterprises in China. The company is mainly engaged in the design, investment and construction of interior decoration, architectural curtain wall, landscape garden, urban renewal, architectural renovation, floodlighting, exhibition display and ancient construction board. The domestic curtain wall business is mainly carried out by its subsidiary, China Construction Shenzhen Decoration Co., Ltd. (中建深圳裝飾有限公司). The company had a total number of approximately 8,000 employees in 2023.
- China Construction Fifth Engineering Division Corp., Ltd is a wholly-owned backbone enterprise of China State Construction, with building construction, infrastructure construction, investment and real estate development as the main business. Its subsidiary, China Construction Buer Curtain Wall Decoration Co., Ltd. (中建不二幕牆裝飾有限公司), commenced its curtain wall business in the PRC. The company had a total number of approximately 28,700 employees in 2023.
- China Fangda Group Co., Ltd is mainly engaged in intelligent curtain wall system and new materials, intelligent shielding door equipment for rail transportation, and new energy sector. Its subsidiary, Shenzhen Fangda Building Technology Group Co., Ltd (深圳市方大建科集團有限公司), mainly provides curtain wall engineering design, contracting, and product sales,

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with business in 120 countries and regions. In Shenzhen, the company mainly completed curtain wall projects, such as the Convention and Exhibition Center, Baoan Airport T3 Terminal, Shenzhen Bay Sports Center. The company had a total number of approximately 3,154 employees in 2023.

8. Hainan Development Holdings Nanhai Co., Ltd emphasizes on the development of curtain wall and interior engineering, photovoltaic glass, and special glass deep processing. The curtain wall and interior engineering industry is primarily conducted by its holding subsidiary, Shenzhen Sanxin Technology Development Co., Ltd. (深圳市三鑫科技發展有限公司), which encompasses curtain wall engineering, decoration, etc., in the PRC, Southeast Asia, Europe, America, the Middle East, West Asia and other countries and regions. Relying on the strong R&D capability of the parent group, the company has completed curtain wall projects in Shenzhen, such as the headquarters building of China Merchants Bank and the International Exchange Center. The company had a total number of approximately 2,564 employees in 2023.
9. Jiangsu Hengshang Energy Conservation Technology Co., Ltd is a total solution provider of curtain wall and aluminum door and window systems, specializing in architectural curtain wall projects, building decoration, and steel structure projects. With a focus on R&D and design of high-performance curtain wall and aluminum doors and windows products, manufacturing and construction, and process improvement and innovation, the company holds 193 authorized patents. Notable projects in China include the Yuanzhong Building in Shanghai, the Agricultural Bank of China Branch in Wuxi, and the LanGuiFang Commercial Center in Wuxi. The company had a total number of approximately 1,108 employees in 2023.
10. Suzhou Gold Mantis Construction and Decoration Co., Ltd is a professional decoration group focusing on the development of interior decoration business, as well as curtain wall, furniture, landscape, artwork, and mechanical and electrical equipment installation. Its subsidiary, Gold Mantis Curtain Wall CO., LTD. (蘇州金螳螂幕牆有限公司), mainly specializing in product R&D, engineering design, precision manufacturing, construction, and photovoltaic curtain walls, and provides one-stop curtain wall system solutions in China. The company has 6 modern production lines and a manufacturing capacity of over 4 million square meters, and it has completed notable projects such as Raffles City in Chongqing and Oriental Gate in Suzhou. The company had a total number of approximately 10,883 employees in 2023.

Entry Barriers

1. Capital requirements

The curtain wall industry demands significant capital investment for technology, equipment, and production facilities. Rising labour and material costs, coupled with tighter credit conditions, pose additional financial challenges. The industry’s long project cycles and slow capital return make financial strength crucial. Curtain wall companies typically face initial net cash outflows due to substantial up-front costs for materials, skilled labour, and subcontractor payments. Large projects often require performance guarantees, usually 10% of the contract sum. Failure to meet payment obligations or provide guarantees can delay projects and damage company credibility. Consequently, new entrants to the curtain wall industry must possess robust financial capabilities to effectively manage these demands and maintain competitiveness in the market.

2. Licensing requirements

Obtaining the necessary qualifications is considered a major entry barrier as the curtain wall industry is strictly regulated by relevant national policies. According to regulations like the “Provisions on the Administration of Qualifications of Enterprises in the Construction Industry” (建築業企業資質管理規定) and the “Notice on Issuance of Qualification Standards of Construction Enterprises” (住房和城鄉建設部關於建築業企業資質標準的通知), companies must apply for curtain wall construction qualifications based on their assets, key personnel, completed projects, and technical equipment. After passing the review and receiving the construction qualification certificate, companies then can engage in construction activities within the permitted scope of their qualifications. Moreover, as part of the tender conditions and for quality assurance, project owners and main contractors would generally prefer to select curtain wall suppliers which possess (i) Building Architectural Curtain Wall Engineering Design (Grade A) (建築幕牆工程設計專項甲級); (ii) Building Decoration Engineering Design (Grade A) (建築裝飾工程設計專項甲級); (iii) Professional Contracting for Architectural Curtain Wall Engineering (Grade I) (建築幕牆工程專業承包一級); and (iv) Professional Contracting for Building

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Renovation and Decoration Engineering (Grade I) (建築裝修裝飾工程專業承包一級) to supply and install the curtain wall in sizeable construction projects. New market entrants may find it difficult to acquire the qualifications.

3. *Proven track records*

Market participants in the curtain wall market in the PRC regard their prior work experience as an invaluable asset. Curtain wall suppliers with proven track record, technical know-how and sufficient capital and financial resources are generally considered favourably by main contractors and project owners during the tender selection process. In particular, public sector projects are generally contracted by way of open tender, and have stringent tender selection requirements, including requisite professional qualifications, proven track record, work safety record and financial conditions. Tenderers with extensive experience and satisfactory performance in prior public sector development projects would be considered favourably by the relevant government-related entities and the main contractors engaged by them, which cannot be achieved in a short time. Thus, it imposes as a key entry barrier for new entrants as their project references are yet to be established.

Factors of Competition

1. *Expertise in diversified specialties*

Professional curtain wall engineering service providers are generally capable of providing curtain wall solutions including the design, production, installation and maintenance of curtain wall, and participate in a diverse array of construction projects, such as commercial office buildings, medical facilities, educational buildings, industrial plants, and residential buildings. Leading market players which are capable of effectively coordinating and managing the design of projects, meeting client's requirements, and collaborating and liaising with a diverse array of subcontractors and material suppliers often benefit from cross-referral opportunities, business synergies, and cost reductions through economies of scale.

2. *Substantial experience and technical know-how*

Curtain wall engineering professionals possess extensive technical knowledge and experience in the design, production, installation, and maintenance of curtain wall. They also possess in-depth knowledge about the installation methods used in different building contexts. Due to labour shortage, participants in the PRC curtain wall market are finding it increasingly difficult to attract experienced specialists. Larger competitors may have competitive advantages in attracting qualified personnel by offering better remuneration packages, career development opportunities and internal trainings to constantly replenish the industry knowledge and technical know-how of their staff.

3. *Established business relationships*

It is essential for service providers in the curtain wall engineering industry to establish solid business connections with a variety of stakeholders, such as suppliers, general contractors, and real estate developers. Successful players' ability to collaborate and manage projects allows them to establish trust with their clients and increase the likelihood of securing new projects, thereby maintaining long-term relationships with customers and stable business growth and development.

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MARKET OUTLOOK OF BIPV CURTAIN WALLS IN THE PRC

Definition

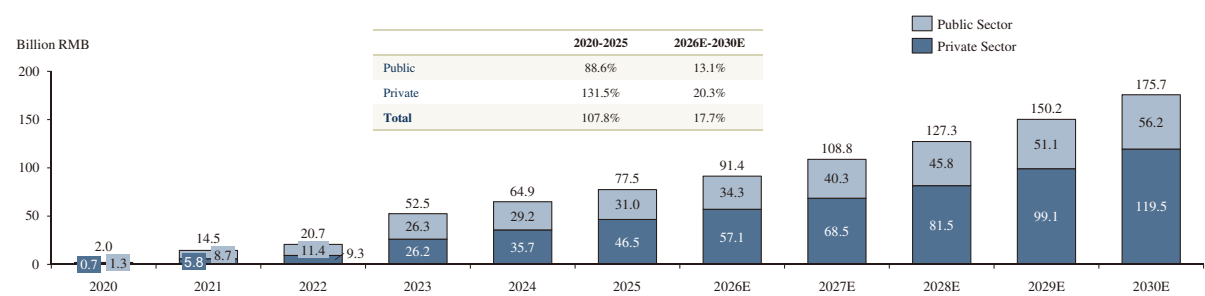
A BIPV (“**B**uilding-**I**ntegrated **P**hotovoltaics”) Curtain Wall is a high-performance building façade system that integrates photovoltaic solar modules directly into curtain wall units, enabling the façade to simultaneously serve as a structural envelope and generate renewable electricity. Unlike traditional curtain walls or add-on solar panels, BIPV curtain walls incorporate solar cells, typically crystalline, thin-film, or perovskite, within double-glazed or specialized panels, providing weatherproofing, thermal insulation, and aesthetic design while producing clean energy on-site. This solution is widely used in sustainable high-rise and commercial architecture in China.

Market Size

From 2021 to 2025, the Building-Integrated Photovoltaics (“**BIPV**”) curtain wall market in China experienced rapid expansion. The market size grew from RMB2.0 billion in 2021 to RMB77.5 billion in 2025 at a CAGR of 107.8%, driven by supportive government policies on green buildings, carbon neutrality targets, and increasing adoption in both new construction and retrofit projects. During this period, the public sector grew from RMB 1.3 billion to RMB 31.0 billion, while the private sector increased more significantly from RMB0.7 billion to RMB46.5 billion, reflecting rising commercial and private developer participation.

Between 2026 and 2030, the market is projected to continue its robust growth trajectory, from RMB91.4 billion in 2026 to RMB175.7 billion in 2030 at a CAGR of 17.7%. The public sector is expected to increase steadily from RMB34.3 billion to RMB56.2 billion, whereas the private sector will drive the majority of growth, expanding from RMB57.1 billion to RMB119.5 billion as commercial demand accelerates. The BIPV curtain wall market in China will be driven by sustained policy support under carbon neutrality targets, stricter building energy codes, and green building mandates. Technological advancements and falling costs of custom BIPV modules will improve economics and aesthetics, while rapid urbanization and a massive existing building stock create substantial new-build and retrofit opportunities. Growing private sector demand, fueled by ESG requirements, corporate net-zero goals, and green financing, will shift the market from public-led projects toward broader commercial adoption. Strong domestic supply chain collaboration between leading PV manufacturers and curtain wall specialists will further accelerate scaling and project delivery.

Market Size of BIPV Curtain Wall by Revenue Generated, Breakdown by Nature of Ownership (The PRC), 2020–2030E



Source: Frost & Sullivan

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In China, BIPV curtain wall projects require stringent qualifications, including Class I Qualification for Professional Contracting of Building Curtain Wall engineering, Grade A Curtain Wall Engineering Design Special Qualification, and Grade 1 Building Construction General Contracting Qualification, along with electrical power contracting credentials and relevant safety/production licenses. Due to these high barriers, while over 8,000 companies hold Grade 1 curtain wall contracting qualifications, only around 800 possess both top-tier contracting and design qualifications. Among them, the number of companies with solid experience and full capability to install sizable BIPV curtain wall systems is estimated at 100.

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LAWS AND REGULATIONS RELATING TO CONSTRUCTION

Construction Qualifications

The Construction Law of the PRC (《中華人民共和國建築法》) (the “**Construction Law**”) promulgated by the Standing Committee of the National People’s Congress (the “**SCNPC**”) on November 1, 1997 which came into effect on March 1, 1998 and last amended on April 23, 2019, the Provisions on the Administration of Qualifications of Enterprises in the Construction Industry (《建築業企業資質管理規定》) (the “**Construction Qualifications Provision**”) promulgated by the Ministry of Construction (the predecessor of the Ministry of Housing and Urban-Rural Development (the “**MOHURD**”), the “**MOC**”) on October 6, 1995 which came into effect on October 15, 1995 and was last amended by the MOHURD on December 22, 2018, the Notice on Issuance of Qualification Standards of Construction Enterprises (《住房和城鄉建設部關於印發〈建築業企業資質標準〉的通知》) promulgated by the MOHURD on November 6, 2014, implemented on January 1, 2015 and last amended on October 14, 2016, the Notice on Issuance of the Construction Enterprise Qualification Management Regulations and the Implementation of Quality Standards (《住房和城鄉建設部關於印發〈建築業企業資質管理規定和資質標準實施意見〉的通知》) promulgated by the MOHURD on January 31, 2015 which came into effect on March 1, 2015 and was last amended on January 16, 2020, together with other regulations, stipulate the application requirements and the scope of activities of contracting construction enterprises.

Construction enterprises shall comply with the aforesaid regulations and apply for relevant qualifications to engage in the construction contracting business. The general construction contracting qualification has 12 categories and is generally divided into four grades, namely, premium-grade, first-grade, second-grade and third-grade. The specialized subcontracting qualification has 36 categories and is generally divided into three grades, namely, first-grade, second-grade and third-grade. The Qualification Standards of Construction Enterprises (《建築業企業資質標準》) sets forth detailed provisions on the application requirements for each type and grade of qualification mentioned above.

Construction enterprises shall obtain qualifications and may undertake construction works in accordance with the scope of their qualification. Main contracting enterprises for construction works may undertake all aspects of the construction works themselves, or subcontract non-essential construction works, namely, construction works other than the construction of the main structure of the construction program to subcontracting enterprises. Such enterprises may also hire labor subcontracting agents to carry out the labor services.

Specific requirements in relation to standards for these categories and grades have been made in the Qualification Standards of Construction Enterprises. Requirements in relation to assets, key staff, project performance, and/or technologies and equipment of the applicant shall be fulfilled in order to apply for certain qualification category and grade. Enterprises with different qualification grades undertake works with different scopes in terms of scale and complexity in accordance with the Qualification Standards of Construction Enterprises.

If the construction enterprise needs to continue to use qualification certificates after the period of validity expires, an application for renewal shall be made within three months before the expiration.

Pursuant to the notice issued by the State Council regarding Deepening the Reform of Separating Permits from Business Licenses and Further Increasing the Development Vitality of Market Participants (《國務院關於深化“證照分離”改革進一步激發市場主體發展活力的通知》) on May 19, 2021, the qualifications for enterprises undertaking construction are adjusted from three classes to two classes,

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the third class is revoked, and the conditions for the second class are correspondingly adjusted. As at the Latest Practicable Date, the MOHURD has not officially issued the new Qualification Standards of Enterprises in the Construction Industry with respect to such reform matters.

Pursuant to the Regulations on the Administration of Survey and Design of Construction Projects (《建設工程勘察設計管理條例》) (promulgated on September 25, 2000, amended on June 12, 2015 and October 7, 2017 and taking effect on October 7, 2017) and the Provisions on the Administration of Qualifications for Survey and Design of Construction Projects (《建設工程勘察設計資質管理規定》) (promulgated on June 26, 2007, amended on May 4, 2015, September 13, 2016 and December 22, 2018 and taking effect on December 22, 2018), the PRC Government has implemented a system of qualification administration for enterprises engaged in construction survey and design. Enterprises engaged in construction design shall apply for qualification certifications before they undertake construction design activities.

Construction design qualifications are classified into four types and four grades. The four types are comprehensive construction design qualification, industry-specific construction design qualification, specialty construction design qualification, and specialized construction design qualification. In addition, the four classes are Class A, B, C and D. The comprehensive construction design qualification only has Class A. Industry-specific construction design qualification, specialty construction design qualification and specialized construction design qualification are generally categorized into Class A and Class B. Depending on the nature and technical characteristics of the relevant construction engineering projects, there may be an additional Class C for certain industry-specific construction design qualification and specialty construction design qualification, and additional Class C and D for specialized construction design qualification.

The scope of work that enterprises are allowed to provide depends on the specific category and class of their certificates. The Qualification Standards of Construction Design (《工程設計資質標準》(建市[2007]86號)) (Jian Shi [2007] No. 86, promulgated on March 29, 2007, amended and taking effect on June 16, 2016) sets forth detailed provisions on application requirements of each category and class mentioned above.

Reform of Qualification of Construction Enterprises

On November 30, 2020, the MOHURD promulgated the Notice of Printing and Distributing the Reform Plan for the Qualifications Management System of Construction Enterprises (《關於印發建設工程企業資質管理制度改革方案的通知》) (Jian Shi [2020] No. 94) to carry out reform on the qualification of construction enterprises, further lift the access restrictions of construction market and improve the approval services. The relevant reforms involving engineering contracting and qualifications of construction design are as follows:

- Contracting qualifications: to adjust the 10 types of premium grade qualification of general contracting enterprises for construction to comprehensive construction qualifications, which can undertake general contracting business of various industries and grades; to retain 12 types of general contracting qualification, and to integrate the specialized subcontracting qualification of civil aviation projects into general contracting contractor qualification; to integrate 36 categories of specialized subcontracting qualifications into 18 categories; to change the construction qualifications of labor service enterprises to specialized operation qualifications, and to change from the approval system to the filing system. Comprehensive qualifications and specialised operation qualifications are not subject to classification. Main contractor qualification and specialised subcontractor qualification are reduced to grades A

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and B in principle (certain specialised subcontracting qualifications are not graded). Among them, the Grade A qualifications for general construction contractor are not subject to any limit in terms of the size of business in the industry.

- Qualifications of construction design: to retain comprehensive qualifications; to integrate 21 types of industry-specific qualifications into 14 types; to integrate 151 types of specialty qualifications, 8 types of specific qualifications, and 3 types of firm-level qualifications into 70 types of specialty and firm-level qualifications. Comprehensive qualifications and firm-level qualifications are not subject to classification. In principle, the grades of industry-specific qualifications and specialty qualifications are reduced to grades A and B (certain qualifications only retain Grade A).

Pursuant to the Notice of the State Council on Deepening the ‘Separation of Permits and Licenses’ Reform to Further Stimulate the Vitality of Market Entities (《國務院關於深化“證照分離”改革進一步激發市場主體發展活力的通知》), from July 1, 2021, the qualification levels for construction engineering design enterprises shall be adjusted from three or four levels to two levels, leaving only grades A and B qualifications in principle. The conditions for the Grade B qualification shall be correspondingly adjusted.

Quality Control of Construction Projects

Pursuant to the Administrative Regulations on Construction Project Quality (《建設工程質量管理條例》) promulgated by the State Council on January 30, 2000 and last amended on April 23, 2019), the construction project owners, survey firms, designers, construction enterprises and project supervisory enterprises shall be responsible for the quality of their construction works. For construction projects under a general contract, the main contractor shall be responsible for the quality of the whole project. Whereas if the main contractor subcontracts the construction works to a subcontractor, the subcontractor shall be liable to the main contractor when the quality of the subcontracted works fails to meet the standard provided by the contract between them, and the main contractor and subcontractor shall be jointly and severally responsible for the quality of the subcontracted works. Quality warranty system shall be adopted for construction works projects. If any quality problem occurs, which falls within the scope of quality warranty and the warranty period, the construction entity shall perform the warranty obligation and be liable for the compensation of losses arising therefrom.

Pursuant to the Administrative Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated and implemented by the MOHURD on October 19, 2009 and the Provisions on Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated and implemented by the MOHURD on December 2, 2013, upon the completion of a building construction and municipal infrastructure project, the construction enterprises shall submit a report on the completion of the project to the owner of the project and apply for construction completion acceptance examination. The owner of this project shall organize construction completion acceptance examination conducted by competent institutions, and within 15 days from the date on which the acceptance examination of the project is passed, the owner of the project shall conduct filing with the competent construction department of government at or above county level at the place where the project is located.

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Construction Works Commencement Permit

According to the Administrative Measures for Construction Permits of Building Projects (《建築工程施工許可管理辦法》) promulgated by the MOC on October 15, 1999 and last amended by the MOHURD on March 30, 2021, for construction and decoration works in respect of various housing construction and auxiliary facilities thereof, installation of circuits, pipelines and equipment, as well as construction of infrastructural works for cities and towns, the project owner shall apply for construction permits from the competent department in accordance with the regulations of the Administrative Measures for urban-rural development of housing of the local people’s government at or above county level where the construction is located prior to the commencement of works.

It is not necessary to apply for construction permits for construction works of investment amount less than RMB0.3 million or which the gross floor area is less than 300 sq.m. The administrative authority in charge of housing and urban-rural development of the people’s government of a province, autonomous region or municipality directly under the Central People’s Government may, in accordance with the specific circumstances prevailing in their respective regions, readjust these limits and notify the department under the State Council responsible for construction for its records. For any construction project for which the construction commencement report has been approved in accordance with the authority and procedures requirements as specified by the State Council, the project owner concerned shall not be required to apply for a construction permit.

Administration of Tender and Bid

According to the Law on Bid Invitation and Bidding of the PRC (《中華人民共和國招標投標法》) promulgated by the SCNPC on August 30, 1999 and amended on December 27, 2017, a tender is required for the survey, design, construction and supervision of projects as well as the purchase of important equipment and materials for the project construction in China, including projects involving large-scale infrastructure and public utility relating to public interest and safety, projects entirely or partially financed by state-owned funds or loans by the State and projects financed by loans and financial aid from international organisations or foreign governments.

The Provisions on Engineering Projects which must be Subject to Bidding (《必須招標的工程項目規定》) promulgated by the National Development and Reform Commission (the “NDRC”) on March 27, 2018 and effective on June 1, 2018 and the Administrative Measures of Bidding for Construction of the House Building and Municipal Infrastructure Projects (《房屋建築和市政基礎設施工程施工招標投標管理辦法》) promulgated by the MOC on June 1, 2001 and last amended by the MOHURD on March 13, 2019 set out the scope of construction projects which shall be subject to bidding and provide for the specific requirements for bidding. The Provisions on Tender and Bidding of Construction Projects (《工程建設項目施工招標投標辦法》) promulgated by the NDRC on March 8, 2003 and amended on March 11, 2013 and the Regulations on the Implementation of the Law on Bid Invitation and Bidding of the PRC (《中華人民共和國招標投標法實施條例》) promulgated by the State Council on December 20, 2011 and last amended on March 2, 2019 specify the requirements and procedures for bidding.

Project Pricing and Project Price Settlement

The Pricing Management Approach of Contracting of Construction Projects (《建築工程施工發包與承包計價管理辦法》), issued by the MOC on 5 November 2001, amended by the MOHURD on 11 December 2013 and effective on 1 February 2014 and the Interim Measures for Settling Project Price (《建設工程價款結算暫行辦法》), issued by the Ministry of Finance (the “MOF”) and the MOC on 20 October 2004, set forth the construction cost, pricing, valuation methods, the time of payment and dispute resolution methods of the construction projects.

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According to the Small and Medium-Sized Enterprise Promotion Law of PRC (《中華人民共和國中小企業促進法》) issued by the Standing Committee of the National People’s Congress (“NPCSC”) on June 29, 2002, and last revised on September 1, 2017 and effective on January 1, 2018, state organs, public institutions, and large enterprises shall not default on the payment of goods, construction, and service fee to small and medium-sized enterprises. Small and medium-sized enterprises have the right to demand the defaulting party to pay the overdue amounts and to claim compensation for losses caused by the default.

In accordance with the Regulations on the Payment of Funds to Small and Medium-sized Enterprises (《保障中小企業款項支付條例》) promulgated by the State Council on July 5, 2020, amended on March 17, 2025 and effective on June 1, 2025, state organs, public institutions, and large enterprises are prohibited from defaulting on payments for goods, engineering, and services provided to small and medium-sized enterprises. Small and medium-sized enterprises have the right to demand the payment of overdue amounts and to seek compensation for losses caused by the delay in payment. The funds required for government investment projects shall be ensured to be in place in accordance with relevant national regulations, and construction units shall not be required to advance funds for the construction.

Pursuant to the Government Investment Regulation (《政府投資條例》) issued by the State Council on 14 April 2019 and effective on 1 July 2019, government investment projects shall be fully funded in accordance with relevant regulations. It also stipulates that advance funding by construction enterprise is not allowed in government investment projects.

According to the Civil Code of the PRC (《中華人民共和國民法典》) promulgated by the National People’s Congress (the “NPC”) on May 28, 2020 and became effective on January 1, 2021, where the property developer does not make payments as agreed, the contractor may demand the property developer to make the said payments within a reasonable period of time. Where the property developer has not made the said payments within the said period of time, then except where it is not appropriate to conduct a sale at a depreciated price or an auction due to the nature of the construction project, the contractor may conclude an agreement with the developer to sell off the project, or may apply to the People’s Court for the said project to be auctioned in accordance with the law. With respect to all monies received in selling off or auctioning the said project, priority shall be given to using the monies to make the relevant payments on the construction project.

The General Office of the Central Committee of the Communist Party of China (CPC) and the General Office of the State Council jointly issued the Opinions on Solving the Problem of Delinquent Payments to Enterprises (《關於解決拖欠企業賬款問題的意見》) in October, 2024, which requires that the government should strengthen the supervision of investment in government projects, project funds, and procurement and payment, improve the project price settlement system, perfect the system of preventing and solving the system and mechanism for preventing and solving the problem of large-scale enterprises defaulting on their accounts to small and medium-sized enterprises, and set up a unified nationwide platform of registering (complaints) defaulted payments to small and medium-sized enterprises and strengthening departmental coordination and joint efforts to resolve the problem of delinquent payments to enterprises.

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LAWS AND REGULATIONS RELATING TO CONSTRUCTION SAFETY

Safety of Construction Projects

The Work Safety Law of the PRC (《中華人民共和國安全生產法》) (the “**Work Safety Law**”) which was issued by the SCNPC on June 29, 2002, last amended on June 10, 2021 and came into effect on September 1, 2021, provides that a production and operation enterprise must meet the national standards or industry standards on work safety and provide the required work conditions as set out in the relevant laws, administrative rules and national or industry standards. An entity that cannot provide required conditions for work safety shall not engage in production and business operation activities. A production and operation enterprise must present prominent warning signs at relevant dangerous operation sites, facilities and equipment.

According to the Regulations on the Administration of Work Safety of Construction Projects (《建設工程安全生產管理條例》) which was issued by the State Council on November 24, 2003 and came into effect on February 1, 2004, in the case of a project under a general contract, the main contractor will be liable for the general work safety of the construction site. If the main contractor legally subcontracts the construction project to other entities, the subcontract shall specify their rights and obligations in respect of the work safety and the main contractor and the subcontractors shall be jointly and severally liable for the work safety of the subcontracting projects. In the case of a construction project with a general contract, the main contractor shall be responsible for reporting the accident.

Work Safety Licenses

Pursuant to the Work Safety Law, the Regulation on the Administration of Work Safety of Construction Projects, the Regulation on the Work Safety Licenses (《安全生產許可證條例》) issued by the State Council on January 13, 2004 and last amended on July 29, 2014, and the Provisions on the Administration Regulation on Work Safety License of Construction Enterprise (《建築施工企業安全生產許可證管理規定》) promulgated by the MOC on July 5, 2004, implemented on the same date and further amended by the MOHURD on January 22, 2015, construction enterprises shall be subject to the work safety license system implemented by the PRC government and apply for a work safety license (“安全生產許可證”). The work safety license shall be valid for three years. A construction enterprise should apply for renewing the license three months before its expiration. Before undertaking any construction activity, a construction enterprise shall file an application to the competent department of construction at the provincial level for obtaining a work safety license. Without work safety licenses, construction enterprises shall not engage in construction activities. The competent department of construction shall, when making examination and issuing a construction license, examine whether the construction enterprise has obtained a work safety license. If the enterprise fails to obtain a work safety license, it shall not be issued a construction license.

Safety Training and Labor Protection

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) (the “**Labor Law**”), issued by the SCNPC on July 5, 1994 and last amended and effective on December 29, 2018, an employer must establish a sound labor safety and hygiene system and shall strictly implement state rules and standards of labor safety and hygiene, conduct labor safety and hygiene education among its employees to prevent accidents and reduce occupational hazards. An employee must strictly observe operational safety procedures.

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Pursuant to the Interim Measures of Construction Workers Using Personal Protective Equipment (《建築施工人員個人勞動保護用品使用管理暫行規定》), issued by the MOC and effective on November 5, 2007, all construction workers must receive regular safety training and construction enterprises should maintain records of education and training. In addition, the use and management of safety equipment in the construction site and the personal safety equipment for construction workers are also strictly regulated.

Work Safety Accidents Regulations

Pursuant to the Regulations on the Reporting, Investigation and Handling of Work Safety Accidents (《生產安全事故報告和調查處理條例》), issued by the State Council on April 9, 2007 and effective on June 1, 2007, work safety accidents that cause personal injuries or deaths or direct economic losses shall be generally categorized as follows: (i) particularly significant accidents shall refer to accidents that cause more than 30 deaths, or serious injuries of more than 100 people (including acute industrial poisoning, hereinafter the same), or direct economic losses of more than RMB100 million; (ii) significant accidents shall refer to accidents that cause more than ten deaths but less than 30 deaths, or serious injuries of more than 50 people but less than 100 people, or direct economic losses of more than RMB50 million but less than RMB100 million; (iii) relatively significant accidents shall refer to accidents that cause more than three deaths but less than ten deaths, or serious injuries of more than ten people but less than 50 people, or direct economic losses of more than RMB10 million but less than RMB50 million; and (iv) general accidents shall refer to accidents that cause less than three deaths, or serious injuries of less than ten people, or direct economic losses of less than RMB10 million. After the occurrence of the accident, the relevant personnel at the scene of the accident shall immediately report to the responsible person of the entity. Upon receiving the report, the responsible person of the entity shall report within one hour to the work safety regulatory department of the people's government at the county level or above at the place where the accident occurs and the relevant departments responsible for work safety regulation. In urgent circumstances, the relevant personnel at the scene of the accident may directly report to the work safety regulatory department of the people's government at the county level or above at the place where the accident occurs and the relevant department responsible for work safety regulation.

Accident prevention

To ensure construction safety and prevent accidents, the Provisions on the Falling Prevention of the Construction Projects (《建築工程預防高處墜落事故若干規定》), promulgated by the MOC on 17 April 2003 sets out strict rules on staff and equipment requirements for height operation under a strict liability regime. Pursuant to the Provisions on Collapse Prevention of Construction Projects (《建築工程預防坍塌事故若干規定》) promulgated by the MOC on 17 April 2003, in order to prevent accidents and ensure construction safety, the enterprise engaged in engineering construction, reconstruction, expansion and other activities is required to formulate the construction plan, which should be strictly based on the geological conditions, construction technologies, working conditions and the surrounding environment.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

In accordance with the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) promulgated on December 26, 1989 and last amended on April 24, 2014 by the SCNPC, the Law on the Prevention and Control of Water Pollution of the PRC (《中華人民共和國水污染防治法》) promulgated on May 11, 1984 and last amended on June 27, 2017 by the SCNPC, the Law on the Prevention and Control of Air Pollution of the PRC (《中華人民共和國大氣污染防治法》) promulgated on September 5, 1987 and last amended on October 26, 2018 by the SCNPC, the Law on the Prevention and Control of Solid Waste Pollution of the PRC (《中華人民共和國固體廢物污染環境防治法》)

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promulgated on October 30, 1995 and last amended on April 29, 2020 by the SCNPC, and the Law on the Prevention and Control of Noise Pollution of the PRC (《中華人民共和國噪聲污染防治法》) promulgated by the SCNPC on December 24, 2021 and effective on June 5, 2022, the construction of any project that causes pollution shall adopt measures to prevent and control pollution and damage to environment caused by waste gas, waste water, waste residue, medical wastes, dust, malodorous gasses, radioactive substances, noise, vibration, optical radiation, electromagnetic radiation, and other substances generated during construction. Failure to comply with the above laws could result in various penalties depending on individual circumstances and the extent of contamination. Such penalties may include warnings, fines, orders to stop production or even close-down in certain serious circumstances.

COMPANY LAW AND LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

Companies established and operating in the PRC shall be subject to Company Law of the PRC (《中華人民共和國公司法》) (the “**Company Law**”), which was promulgated by the SCNPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018 respectively, and was latest revised on December 29, 2023 and came into effect on July 1, 2024. The Company Law provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises in the PRC. Unless otherwise provided in the PRC foreign investment laws, the provisions in the Company Law shall prevail.

Pursuant to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) promulgated by the NPC on March 15, 2019 and came into effect on January 1, 2020, and the Implementation Regulations for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on December 26, 2019 and came into effect on January 1, 2020, and the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) which was promulgated by the MOFCOM and the NDRC on September 6, 2024 and became effective on November 1, 2024, foreign investors shall not invest in areas where investment is prohibited under the negative list for the admission of foreign investment. Foreign investors shall meet the conditions set forth in the negative list for the admission of foreign investment to invest in the areas where investment is restricted under the negative list. Management of foreign investment in the areas beyond the negative list shall be implemented in accordance with the principle of equality between domestic and foreign investment. The relevant provisions of the Foreign Investment Law and its implementation regulations shall apply to investments within the territory of the PRC by foreign investment enterprises.

On December 30, 2019, the MOFCOM and the State Administration for Market Regulation issued the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) which became effective on January 1, 2020. According to the Measures on Reporting of Foreign Investment Information, foreign investors or foreign investment enterprises shall submit investment information to the commerce administrative authorities through the Enterprise Registration System and the National Enterprise Credit Information Publicity System. Foreign investment enterprises shall also submit the annual report for the preceding year during January 1, to June 30, annually through the National Enterprise Credit Information Publicity System.

In Accordance with the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the “**M&A Rules**”) (《關於外國投資者併購境內企業的規定》 (“**併購規則**”)) promulgated by the MOFCOM and other five authorities on August 8, 2006 and amended on June 22, 2009, a foreign investor is required to abide by the M&A Rules when he/she (i) establishes a foreign-funded enterprise either by acquiring equity in a domestic non-foreign invested enterprise, or subscribing for new equity in a domestic enterprise via an increase of registered capital; or (ii)

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establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise. Approval from the MOFCOM is required if a domestic company or enterprise, or a domestic natural person, through an overseas company established or controlled by it/him, acquires a domestic company which is related to or connected with it/him.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

Under the Administrative Regulations of the PRC on Foreign Exchange (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Administrative Regulations**”) (promulgated by the State Council on January 29, 1996, newly amended on August 5, 2008), RMB is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but is not freely convertible for capital account items, such as direct investment or engaging in the issuance or trading of negotiable securities or derivatives unless the prior approval by the competent authorities for the administration of foreign exchange is obtained.

Pursuant to the Circular of the State Administration of Foreign Exchange (“SAFE”) on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) promulgated and implemented on July 4, 2014, offshore enterprise directly established or indirectly controlled by the domestic residents (including domestic organisations and natural persons) with their legally owned onshore or offshore assets and equity, for the purposes of investment and financing shall be subject to foreign exchange registration for offshore investment with SAFE. In the event of any change of basic information of the registered overseas special purpose companies such as the individual shareholder, name, operation term, or if there is a capital increase/decrease, equity transfer or swap, merge, spin-off or other amendment of the material items, the domestic resident shall complete the registration of foreign exchange alteration of the registration formality for offshore investment with SAFE in a timely manner. Foreign-invested enterprises established in return investments shall be subject to completion of relevant foreign exchange registration formality in accordance with the effective provisions on the foreign exchange administration of direct investment of foreign investors, and shall disclose the de facto controller and other relevant information of the shareholders. After a special purpose company has completed overseas financing, if the funds raised are repatriated to the mainland for use, relevant Chinese provisions on foreign investment and external debt management shall be complied with.

Pursuant to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated on February 13, 2015 and implemented on June 1, 2015 and last amended and implemented on December 30, 2019, the SAFE decided to further simplify and improve policies for the foreign exchange administration of direct investment around the entire nation, by cancelling two administrative approval items: confirmation of foreign exchange registration under domestic direct investment and confirmation of foreign exchange registration under overseas direct investment and, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks and simplifying the procedures for some foreign exchange transactions under direct investment.

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In accordance with the Circular on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which was issued and came into effect on October 23, 2019 by the SAFE and was amended on December 4, 2023, foreign-invested enterprise engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to laws and regulations under the condition that the current Special Administrative Measures (Negative List) for Foreign Investment Access are not violated and the relevant domestic investment projects are true and compliant.

According to the Circular of the State Administration of Foreign Exchange on Further Deepening Reforms to Facilitate Cross-Border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》), which was issued and came into effect on December 4, 2023 by the SAFE, the equity transfer consideration paid in foreign currency by domestic entities owe to domestic equity transferors (including institutions and individuals), as well as the foreign exchange funds raised by domestic enterprises listed overseas, can be remitted to the capital project settlement account directly. The funds in the capital project settlement account can be independently settled and utilized.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise Income Tax (“EIT”)

In accordance with the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) (the “EIT Law”) (promulgated by the SCNPC on March 16, 2007 and effective from January 1, 2008 and newly amended on December 29, 2018) and the Regulation on the Implementation of Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (promulgated by the State Council on December 6, 2007 and effective from January 1, 2008, and last revised on December 6, 2024), enterprises are classified as either “resident enterprises” or “non-resident enterprises”. The “resident enterprises” are defined as enterprises set up in the PRC under the PRC laws or set up according to the foreign country/region’s law whereas whose actual or de facto control is administered from within the PRC. Enterprises established under the foreign country/region’s law with “de facto management bodies” outside the PRC, but have set up institutions or establishments in the PRC or, without institutions or establishments set up in the PRC, have income originating from the PRC, shall be considered as “non-resident enterprises”. A resident enterprise shall pay EIT on its income originating from both inside and outside the PRC at an EIT rate of 25%. A non-resident enterprise that has establishments or places of business in the PRC shall pay EIT on its income originating from the PRC obtained by such establishments or places of business, and on its income which deriving outside PRC but has an actual connection with such establishments or places of business, at the EIT rate of 25%. A non-resident enterprise that does not have an establishment or place of business in the PRC, or it has an establishment or place of business in the PRC but the income has no actual connection with such establishment or place of business, shall pay EIT on its passive income derived from the PRC at a reduced rate EIT of 20%. The EIT Law also specifies that research and development expenses for the development of new technologies, new products and new skills may be deducted by the enterprise when computing the taxable amount of income.

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The Administrative Measures for Determination of High and New Technology Enterprises (《高新技術企業認定管理辦法》) issued by the Ministry of Science and Technology, the Ministry of Finance (the “MOF”) and the State Administration of Taxation (the “SAT”) on April 14, 2008 and effective on January 1, 2008 and revised on January 29, 2016 and the EIT Law specify the types of enterprises eligible for tax reductions. According to The Administrative Measures for Determination of High and New Technology Enterprises, to maintain the status of a High and New Technology Enterprise, the enterprise must meet the following conditions:

- (I) The enterprise must have been registered and established for more than one year at the time of application for recognition;
- (II) The enterprise must have obtained ownership of intellectual property rights that play a core supportive role in the technology of its main products (services) through independent research and development, transfer, donation, merger and acquisition, or other means;
- (III) The technology that plays a core supportive role for the enterprise’s main products (services) must fall within the scope defined in the National Key Supported High and New Technology Fields (《國家重點支持的高新技術領域》);
- (IV) The proportion of scientific and technological personnel engaged in research and development and related technological innovation activities must not be less than 10% of the total number of employees of the enterprise in that year;
- (V) The total amount of research and development expenses for the enterprise in the last three fiscal years (calculated based on the actual operating period if less than three years, the same below) as a proportion of the total sales revenue for the same period must meet the following requirements:
 - i. For enterprises with sales revenue of less than RMB50 million (inclusive) in the most recent year, the proportion must not be less than 5%;
 - ii. For enterprises with sales revenue between RMB50 million and RMB200 million (inclusive) in the most recent year, the proportion must not be less than 4%;
 - iii. For enterprises with sales revenue of more than RMB200 million in the most recent year, the proportion must not be less than 3%.

Besides, the total amount of research and development expenses incurred within China must account for not less than 60% of the total research and development expenses;

- (VI) The income from high-tech products (services) in the most recent year must not be less than 60% of the total income of the enterprise for the same period;
- (VII) The enterprise’s innovation capability evaluation must meet the corresponding requirements;
- (VIII) The enterprise must not have had any significant safety, quality accidents, or significant environmental legal violations in the year prior to applying for recognition.

Pursuant to the Circular of the State Administration of Taxation on the Issues Concerning Implementation of the Preferential Income Tax Policy for New High-Tech Enterprises (《國家稅務總局關於實施高新技術企業所得稅優惠政策有關問題的公告》) issued by the SAT and effective on June 19,

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2017, the enterprise income tax rate of “High and New Technology Enterprise (高新技術企業)” requiring national major support should be reduced to 15%. The certificate of a high and new technology enterprise shall be valid for three years from the date of issuance of the certificate. An enterprise which is recognised as a high and new technology enterprise is entitled to tax preference from the year in which the high and new technology enterprise certificate is granted. The new high-tech areas with national major support, the administrative measures for the accreditation of new high-tech enterprises and the EIT Law provide for the business types entitled to tax reduction.

Value-added Tax (“VAT”)

According to Value-added Tax Law of the People’s Republic of China (《中華人民共和國增值稅法》) (promulgated by the SCNPC on December 25, 2024, came into effect on January 1, 2026), and The Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (Revised in 2011) (《中華人民共和國增值稅暫行條例實施細則(2011修訂)》) (promulgated by the MOF and was last amended on October 28, 2011 and came into effect on November 1, 2011), organisations and individuals engaging in the sale of goods or processing, repair and assembly services, the sale of services, intangible assets, immovables and importation of goods in the PRC shall be taxpayers of VAT, and shall pay VAT pursuant to these Regulations.

The Notice of the Ministry of Finance and the State Administration of Taxation on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) (the “**Circular 36**”), promulgated on March 23, 2016 and last amended on March 20, 2019, provides that upon approval by the State Council, the pilot programme of the collection of VAT in lieu of business tax shall be implemented nationwide with effect from May 1, 2016 and all business tax payers in the construction industry, property industry, finance industry and consumer service industry, etc. shall be included in the scope of the pilot programme and pay VAT in lieu of business tax.

According to the Circular 36 and the VAT Regulations, the VAT rate to be imposed on construction services shall be 11%. According to the Notice of the MOF and the SAT on Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) promulgated on April 4, 2018, the tax rate of 11% applicable to any taxpayer’s VAT taxable construction services shall be adjusted to 10%. According to the Announcement of the MOF, the SAT and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and came into effect on April 1, 2019, the tax rate of 10% applicable to any taxpayer’s VAT taxable construction services shall be adjusted to 9%.

According to the Announcement of the SAT on Promulgating the Provisional Measures for the Administration of Levying Value-added Tax on Construction Services Provided across Counties (Cities or Districts) by Taxpayers (《國家稅務總局關於發佈〈納稅人跨縣(市、區)提供建築服務增值稅徵收管理暫行辦法〉的公告》) issued by the SAT on March 31, 2016 and revised on June 15, 2018, the tax pre-payable on the construction services that are provided across counties (cities or districts) by a general taxpayer and subject to taxation under the simple tax computation method shall be calculated at a pre-payment rate of 3% based on the balance of the obtained total consideration and other charges less the paid subcontract price.

REGULATORY OVERVIEW

LAWS AND REGULATIONS RELATING TO LABOR AND SOCIAL WELFARE

Labor Protection

On July 5, 1994, the SCNPC promulgated the Labour Law of the PRC (《中華人民共和國勞動法》), which was implemented since January 1, 1995 and last amended on December 29, 2018. On June 29, 2007, the SCNPC promulgated Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), which was implemented since January 1, 2008 and last amended on December 28, 2012. In addition, the State Council promulgated the Implementation Regulations on Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) on September 18, 2008. Pursuant to the above-mentioned laws and regulations when an employer hires an employee, it should sign a written labour contract with the employee and the employees' salary must not be lower than the local minimum wage.

Social Insurance and Housing Provident Fund

As required under the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) issued by the SCNPC on October 28, 2010 and last amended on December 29, 2018 and the Provisions for Implementation of the Social Insurance Law of the PRC (《實施〈中華人民共和國社會保險法〉若干規定》) issued by the Ministry of Human Resources and Social Security of the PRC on June 29, 2011 and effective on July 1, 2011, enterprises are obliged to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labour injury insurance and medical insurance. When an employer fails to process social insurance registration, the social insurance administrative authority shall order the employer to make rectification within a prescribed period. Where an employer fails to make rectification within the prescribed period, it shall be liable for a fine of one to three times its assessed social insurance contribution. Where an employer fails to make social insurance contributions in full and on time, the social insurance contribution collection agencies shall order it to make all or outstanding contributions within the prescribed period and impose a late payment fee at the rate of 0.05% per day from the date on which the contribution becomes due. If such employer fails to make the overdue contributions within such prescribed period, the relevant administrative authority may impose a fine equivalent to one to three times the overdue amount.

According to the Regulations concerning the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999 and last amended on March 24, 2019, enterprises must register with the competent managing centre for housing provident funds and complete procedures for opening an account for the deposit of employees' housing provident funds. For enterprises which fails to apply for housing provident fund deposit registration or open housing provident fund accounts for their employees, the housing provident fund administrative centre shall order the relevant enterprises to make corrections within a designated period and if the relevant enterprises still fail to make corrections within the designated period, they shall be subject to a fine ranging from RMB10,000 to RMB50,000. Employers are required to contribute, on behalf of their employees, to housing provident funds. The employer shall make full contribution to the housing provident fund on time and no delay or under-contribution is allowed. Where an employer fails to pay or fully pay the housing provident fund, the housing provident fund management centre shall order it to make payment within the prescribed period; if it fails to make payment within such prescribed period, the centre may apply to the people's court for enforcement.

REGULATORY OVERVIEW

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Copyright

The Copyright Law of the PRC (《中華人民共和國著作權法》) (the “**Copyright Law**”) was promulgated by the SCNPC on September 7, 1990 and newly revised on November 11, 2020 and became effective from June 1, 2021. The Implementation of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) (the “**Copyright Implementation**”) was promulgated by the State Council on May 30, 1991 and last amended on January 30, 2013. Under the Copyright Law, works of citizens, legal persons or unincorporated organisations of China, whether published or not, shall enjoy copyright. The natural person, legal person or unincorporated organisation named on a work as its author shall be the author of the work and have the corresponding rights to the said work, unless proven to the contrary. Authors and other copyright owners may complete the registration of their works with a registration agency recognized by the State copyright authority.

The Regulations on the Protection of Computer Software (《計算機軟件保護條例》) (promulgated by the State Council on June 4, 1991, and most recently amended on January 30, 2013 and taking into effect on March 1, 2013) and the Measures for Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) issued by the National Copyright Administration on February 20, 2002 both apply to software copyright registration, license contract registration and transfer contract registration. The National Copyright Administration of the PRC shall be the competent authority for the nationwide administration of software copyright registration and the Copyright Protection Centre of China (the “**CPCC**”), is designated as the software registration authority. The CPCC shall grant registration certificates to the computer software copyrights applicants which conforms to the provisions of both the Measures for Registration of Computer Software Copyright and the Regulations on the Protection of Computer Software.

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984 and effective on April 1, 1985 and newly revised on October 17, 2020, and the Implementing Regulations of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by China Patent Office (which has been abolished) on January 19, 1985 and effective on April 1, 1985 and newly revised by the State Council on December 11, 2023, an invention or utility model for which a patent is granted shall be novel, inventive and practically applicable. The protection period is 20 years for an invention patent 10 years for a utility model patent and 15 years for design patent, commencing from their respective application dates. Any entity or individual that uses a patent of another party shall enter into a licensing contract with the patent owner and pay patent royalties to the patent owner. Any use of a patent without the permission of the patent owner constitutes an infringement of the patent right.

Trademark

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) (promulgated by the SCNPC on August 23, 1982, came into effect on March 1, 1983 and revised on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019) and the PRC Trademark Law Implementing Regulations (《中華人民共和國商標法實施條例》) (promulgated by the State Council on August 3, 2002 and effective on September 15, 2002 and revised on April 29, 2014). The trademark bureaus under the General Administration for Industry and Commerce (which has been abolished) are responsible for trademark registration and authorizing registered trademarks for a validity period of 10 years. Trademark registrants may apply for renewal of registration, and the

REGULATORY OVERVIEW

validity of a renewed registered trademark is the following 10 years. Trademark registrants may, by signing a trademark license contract, authorize others to use their registered trademark. The trademark license contract shall be submitted to the trademark office for filing.

Domain names

The Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) (the “**Domain Name Measures**”) was promulgated by the Ministry of Industry and Information Technology of the PRC on August 24, 2017 and came into force on November 1, 2017. According to the Domain Name Measures, domain name owners are required to register their domain names and applicants for registration of domain names shall provide their true, accurate and complete information of such domain names to and enter into registration agreements with domain name registration service institutions. The applicants will become the holders of such domain names upon the completion of the registration procedure.

REGULATIONS RELATING TO OVERSEAS OFFERING AND LISTING

On February 17, 2023, with the approval of the State Council, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and relevant five guidelines, which came into force on March 31, 2023.

The Trial Measures shall apply to the following overseas issuance: (i) direct overseas offerings and listings of domestic PRC companies, and (ii) indirect overseas offering and listing of a foreign company with major business operations and/or assets located in the PRC. An issuer will be qualified for the scenario (ii) above, if it satisfies both conditions below: (1) more than 50% of its audited financial indicators (operating revenue, profits, total assets or net assets) for the most recent accounting year are accounted for by the domestic companies of the issuer; and (2) major business activities or operations are conducted in the PRC, or main places of business are located in the PRC or the majority of senior management domicile in the PRC or are Chinese citizens. Despite the foregoing, regulators have the discretion to determine whether or not an overseas offering and listing is indirect on a substance over form basis. The securities subject to the Trial Measures include equity shares, depository receipts, corporate bonds convertible to equity shares, and other equity securities.

According to the Trial Measures, an issuer shall submit required filing documents to the CSRC within three working days after the overseas listing application is submitted to the relevant overseas regulator or listing venue. Generally, once the filing documents are complete and in compliance with the stipulated requirements, the CSRC will, within 20 working days, conclude the review procedure and publish the filing results on the CSRC website. To the extent the filing documents are incomplete or do not conform to stipulated requirements, the CSRC will, within five working days upon receipt of filing documents, request supplementation and amendment to the filing. Then the issuer has 30 working days to prepare any requested supplemented/amended filing. In addition, following the listing on an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of the following events involving the issuer: (1) change of control; (2) investigations or sanctions imposed by overseas regulators; (3) change of listing status; and (4) voluntary or involuntary delisting. Besides, if any material change in the principal business and operation of the issuer after its overseas offering and listing takes place and results in the issuer no longer within the scope of record-filing under the Trial Measures, the issuer shall submit a special report and a legal opinion issued by a PRC law firm to the CSRC within three working days after the occurrence of such change in order to provide an explanation of the relevant situation.

REGULATORY OVERVIEW

The Trial Measures also stipulate the circumstances where the overseas offering and listing is explicitly prohibited, including: (1) offerings and listings are explicitly prohibited by laws and regulations; (2) offerings and listings may endanger national security; (3) the PRC domestic companies of the listing applicant or its controlling shareholder or actual controlling person are involved in criminal offenses in the last three years, such as corruption, bribery, embezzlement, misappropriation of property; (4) the listing is under investigations for suspicion of criminal offenses or is involved in major violations of laws and regulations and no conclusion of the investigation has yet been made; or (5) there are material ownership disputes over equity interests held by controlling shareholders (or by shareholders who are controlled by the controlling shareholder or actual controlling person).

If a domestic company fails to comply with the filing procedures as required, or if it is listed outside of China despite being prohibited from doing so, the CSRC shall order the domestic company to rectify the situation, issue a warning and impose a fine of not less than RMB1,000,000 and not more than RMB10,000,000. A warning shall be given to the directly responsible officer and other directly responsible persons and a fine of not less than RMB500,000 and not more than RMB5,000,000 shall be imposed. If the controlling shareholder or the actual controller of the domestic company organizes or instructs to engage in the above illegal acts, he shall be liable to a fine of not less than RMB1,000,000 and not more than RMB10,000,000. A fine of not less than RMB500,000 and not more than RMB5,000,000 shall be imposed on the directly responsible officer and other directly responsible persons.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Provision on Confidentiality**”), which came into force on March 31, 2023. According to the Provision on Confidentiality, where any PRC domestic company provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic companies providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

BUSINESS HISTORY

We are an established subcontractor specialising in curtain wall works based in Guangdong Province, the PRC, with over 31 years of operating history. Our curtain wall works involve the design, processing, assembling and installation of customised curtain walls for construction projects in the PRC.

Our history can be traced back to 1994, when Shenzhen Yueyuan, our principal operating subsidiary, was established by Zhuhai Huiyin Investment Co., Ltd.* (珠海市匯銀投資有限公司) (“**Zhuhai Huiyin**”) and Development Design Co (“**Development Design**”) in Shenzhen, the PRC. Zhuhai Huiyin was held by Mr. RQ Liu and Mr. Liu Zhuming (劉柱明) (an acquaintance of Mr. RQ Liu and an independent third party), as to approximately 68.89% and 31.11%, respectively, at the material time, whilst Development Design and its ultimate beneficial owner were independent third parties. In 1997 and 2000, Shenzhen Yueyuan was approved by Shenzhen Construction Bureau (深圳市建設局) to engage in design and construction of curtain wall engineering and decoration and renovation engineering, respectively. Shenzhen Yueyuan expanded its business by establishing Yueyuan Aluminum and Yueyuan Curtain Wall in November 2013 and August 2017, respectively.

We have established good relationships with both our suppliers and customers. In order to meet different requirements of our customers, we have committed to making, and have made significant investments in the research and development of technologies in relation to curtain walls, such as the incorporation of photovoltaic features and the application of nano self-cleaning coating technique. For further details, please refer to the section headed “Business — Research and Development” in this document. As at the Latest Practicable Date, our Group had a total of 63 registered patents, 23 registered software copyrights and two registered trademarks.

Under the leadership of Mr. RQ Liu (a non-executive Director and the chairman of our Board) and Mr. CQ Liu (an executive Director and the chief executive officer of our Company), and the management under Mr. WJ Liu (an executive Director), Mr. Wang Yanjun (the engineering director of our Group) and Ms. Lu Suping (the financial director of our Group), we are well-positioned to capture the market growth and overcome the market competition. For details of the industry experience and knowledge of each of Mr. RQ Liu, Mr. CQ Liu, Mr. WJ Liu, Mr. Wang Yanjun and Ms. Lu Suping, please refer to the section headed “Directors and Senior Management” in this document.

BUSINESS MILESTONE

The following table illustrates the key milestones of the development of our Group:

1994	Shenzhen Yueyuan was established.
1997	Shenzhen Yueyuan was approved by Shenzhen Construction Bureau* (深圳市建設局) to engage in design and construction of curtain wall projects.
2000	Shenzhen Yueyuan was approved by Shenzhen Construction Bureau* (深圳市建設局) to engage in decoration and renovation projects.
2010	Shenzhen Yueyuan was first awarded the Engineering Design Qualification Certificate (工程設計資質證書) for Building Architectural Curtain Wall Engineering Design (Grade A) (建築幕牆工程設計專項甲級) and Light Steel Structure Engineering Design (Grade B) (輕型鋼結構工程設計專項乙級) by the Department of Housing and Urban Rural Development of Guangdong Province* (廣東省住房和城鄉建設廳).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- 2013 Yueyuan Aluminum was established by Shenzhen Yueyuan.
- 2015 Shenzhen Yueyuan was awarded the China Construction Engineering Luban Prize (National Quality Project) (中國建設工程魯班獎(國家優質工程)) through its participation in the construction (curtain wall) of Shuntian International Financial Center (順天國際金融中心).
- 2016 Shenzhen Yueyuan was first recognised as a High and New Technology Enterprise (高新技術企業) by Shenzhen Science and Technology Innovation Commission (深圳市科技創新委員會), Shenzhen Finance Commission* (深圳市財政委員會), Shenzhen Municipal Office, SAT* (深圳市國家稅務局) and Shenzhen Local Taxation Bureau* (深圳市地方稅務局).
- Shenzhen Yueyuan was first awarded the Construction Industry Qualification Certificate (建築業企業資質證書) for Professional Contracting for Steel Structure Engineering (Grade II) (鋼結構工程專業承包二級) by the Housing and Construction Bureau of Shenzhen* (深圳市住房和建設局).
- Shenzhen Yueyuan was first awarded the Construction Industry Qualification Certificate (建築業企業資質證書) for Professional Contracting for Architectural Curtain Wall Engineering (Grade I) (建築幕牆工程專業承包一級) and Professional Contracting for Building Renovation and Decoration Engineering (Grade I) (建築裝修裝飾工程專業承包一級) by the Department of Housing and Urban Rural Development of Guangdong Province* (廣東省住房和城鄉建設廳).
- Shenzhen Yueyuan was first awarded the Engineering Design Qualification Certificate (工程設計資質證書) for Building Decoration Engineering Design (Grade A) (建築裝飾工程設計專項甲級) by the Department of Housing and Urban Rural Development of Guangdong Province* (廣東省住房和城鄉建設廳).
- Mr. WJ Liu joined our Group.
- 2017 Yueyuan Curtain Wall was established by Shenzhen Yueyuan.
- 2019 Shenzhen Yueyuan was awarded the title of Top 100 Curtain Wall Enterprises of 2018 (2018年度幕牆百強企業) by the China Building Decoration Association (中國建築裝飾協會).
- 2020 Shenzhen Yueyuan was awarded the China Construction Engineering Decoration Award (中國建築工程裝飾獎) through its participation in the construction (curtain wall) of Chongzuo Sports Center (崇左市體育中心).
- 2021 Shenzhen Yueyuan was awarded GB/T24001-2016/ISO 14001:2015 Environmental Management System Certificate (環境管理體系認證證書) issued by Shenzhen Universal Certification Centre Co., Ltd. (深圳市環通認證中心有限公司).
- Shenzhen Yueyuan was awarded GB/T45001-2020/ISO 45001:2018 Occupational Health and Safety Management System Certificate (職業健康安全管理体系認證證書) issued by Shenzhen Universal Certification Centre Co., Ltd. (深圳市環通認證中心有限公司).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Shenzhen Yueyuan was awarded GB/T19001-2016/ISO 9001:2015 Quality Management System Certificate (質量管理體系認證證書) issued by Shenzhen Universal Certification Centre Co., Ltd. (深圳市環通認證中心有限公司).

CORPORATE STRUCTURE

Our Company has a number of subsidiaries established in the PRC and incorporated in the BVI and Hong Kong. Set out below is the brief corporate history of our Company and the major subsidiaries of our Group.

Our Company

Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 28 August 2024 with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, with one fully-paid subscriber Share being allotted and issued to the initial subscriber, an independent third party. On 28 August 2024, the initial subscriber transferred the one Share to Diamond Soars at par, and 529,199 and 460,800 Shares were allotted and issued to Diamond Soars and Reliable Profit at par value, respectively. After the aforesaid allotment of Shares, the issued share capital of our Company was wholly-owned by Diamond Soars and Reliable Profit, as to approximately 53.45% and 46.55%, respectively.

On 11 October 2024, as part of the Reorganisation and the [REDACTED], 10,000 Shares were allotted and issued to Perfect Peach as the consideration for the acquisition of the entire issued share capital of Strength Corporation from Perfect Peach at the direction of Diamond Soars and Reliable Profit. Upon completion of the allotment, our Company was held by Diamond Soars, Reliable Profit and Perfect Peach, as to 52.92%, 46.08% and 1%, respectively.

Our Group completed the Reorganisation on 16 October 2024 in preparation for the [REDACTED], pursuant to which our Company became the ultimate investment holding company of our Group. Details of the Reorganisation are set out below in the paragraph headed “Corporate Reorganisation” in this section.

Our Company is the investment holding company of its subsidiaries.

Shenzhen Yueyuan

Shenzhen Yueyuan (formerly known as Shenzhen Yueyuan Compound Material & Decoration Co., Ltd.* (深圳粵源複合材料裝飾有限公司), Shenzhen Yueyuan Decoration Engineering Co. Ltd.* (深圳粵源裝飾工程有限公司) and Shenzhen Yueyuan Construction Incorporation* (深圳粵源建設股份有限公司) was established as a Sino-foreign joint venture limited liability company in the PRC on 25 October 1994 with an initial registered capital of RMB1.6 million, which was fully paid by Zhuhai Huiyin and Development Design, as to 60% and 40%, respectively.

On 12 April 1996, Development Design and Hua Li Company Pty. Limited (澳大利亞華利私人實業公司) (“**Hua Li**”) entered into an equity transfer agreement, pursuant to which Development Design agreed to transfer and Hua Li agreed to acquire 40% of the equity interests in Shenzhen Yueyuan at a consideration of RMB574,689.82, with reference to the then registered capital of Shenzhen Yueyuan paid by Development Design. Hua Li and its ultimate beneficial owner were independent third parties. On 24 October 1996, the registered capital of Shenzhen Yueyuan was increased from RMB1.6 million to RMB11.6 million, with the increase of capital of RMB6.0 million and RMB4.0 million contributed

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

and fully paid by Zhuhai Huiyin and Hua Li, respectively. Upon completion of the increase of registered capital, Shenzhen Yueyuan was held by Zhuhai Huiyin and Hua Li, as to 60% and 40%, respectively.

On 28 August 2004, Hua Li and Mr. CQ Liu entered into an equity transfer agreement, pursuant to which Hua Li agreed to transfer and Mr. CQ Liu agreed to acquire 40% equity interests in Shenzhen Yueyuan at a consideration of RMB1. The consideration was determined upon arm’s length negotiations between the parties with reference to, among other things, the operating conditions of Shenzhen Yueyuan at that time. Upon completion of the said equity transfer, Shenzhen Yueyuan was held by Zhuhai Huiyin and Mr. CQ Liu, as to 60% and 40%, respectively.

On 3 August 2007, the registered capital of Shenzhen Yueyuan was increased from RMB11.6 million to RMB16.9 million, with the increase of capital of RMB5.3 million contributed and fully paid by Mr. CQ Liu. Upon completion of the increase of registered capital, Shenzhen Yueyuan was held by Zhuhai Huiyin and Mr. CQ Liu, as to approximately 41.18% and 58.82%, respectively.

On 21 July 2009, the registered capital of Shenzhen Yueyuan was increased from RMB16.9 million to RMB30.0 million, with the increase of capital of RMB13.1 million contributed and fully paid by Mr. CQ Liu. Upon completion of the increase of registered capital, Shenzhen Yueyuan was held by Zhuhai Huiyin and Mr. CQ Liu, as to 23.2% and 76.8%, respectively.

On 7 July 2011, the registered capital of Shenzhen Yueyuan was increased from RMB30.0 million to RMB50.0 million, with the increase of capital of RMB20.0 million contributed and fully paid by Mr. RQ Liu. Upon completion of the increase of registered capital, Shenzhen Yueyuan was held by Zhuhai Huiyin, Mr. CQ Liu and Mr. RQ Liu, as to 13.92%, 46.08% and 40%, respectively.

On 2 December 2011, Zhuhai Huiyin and Mr. RQ Liu entered into an equity transfer agreement, pursuant to which Zhuhai Huiyin agreed to transfer and Mr. RQ Liu agreed to acquire 13.92% of the equity interests in Shenzhen Yueyuan at a consideration of RMB1. Since Zhuhai Huiyin was controlled by Mr. RQ Liu, the parties proceeded with the transfer at a nominal consideration. Upon completion of the equity transfer, Shenzhen Yueyuan was directly held by Mr. RQ Liu and Mr. CQ Liu, as to 53.92% and 46.08%, respectively.

In March 2012, Shenzhen Yueyuan was converted into a non-listing stock company as Shenzhen Yueyuan Construction Incorporation* (深圳粵源建設股份有限公司). In May 2017, Shenzhen Yueyuan was converted back from a non-listing stock company to a limited liability company, and its name was changed from “Shenzhen Yueyuan Construction Incorporation* (深圳粵源建設股份有限公司)” to “Shenzhen Yueyuan Construction Co. Ltd.* (深圳粵源建設有限公司)”.

On 15 May 2019, the registered capital of Shenzhen Yueyuan was increased from RMB50.0 million to RMB100.0 million, with the increase of capital of approximately RMB27.0 million and RMB23.0 million contributed and fully paid by Mr. RQ Liu and Mr. CQ Liu, respectively. Upon completion of the increase of registered capital, Shenzhen Yueyuan continued to be held by Mr. RQ Liu and Mr. CQ Liu, as to 53.92% and 46.08%, respectively.

On 19 October 2020, the registered capital of Shenzhen Yueyuan was increased from RMB100.0 million to RMB150.0 million, with the increase of capital of approximately RMB27.0 million and RMB23.0 million contributed and fully paid by Mr. RQ Liu and Mr. CQ Liu, respectively. Upon completion of the increase of registered capital, Shenzhen Yueyuan continued to be held by Mr. RQ Liu and Mr. CQ Liu, as to 53.92% and 46.08%, respectively.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 3 June 2024, as part of the Reorganisation, Shenzhen Yueyuan, Mr. RQ Liu and Mr. CQ Liu entered into a capital reduction agreement, pursuant to which the registered capital of Shenzhen Yueyuan was reduced from RMB150.0 million to RMB5.0 million, with the reduced capital of RMB145.0 million credited to the capital reserve of Shenzhen Yueyuan. The capital reduction was registered in Shenzhen AMR on 23 July 2024. Upon completion of the reduction of registered capital, Shenzhen Yueyuan continued to be held by Mr. RQ Liu and Mr. CQ Liu, as to 53.92% and 46.08%, respectively.

On 13 August 2024, as part of the Reorganisation, Shenglong Holdings, Shenzhen Yueyuan, Mr. RQ Liu and Mr. CQ Liu entered into a capital increase agreement, pursuant to which the registered capital of Shenzhen Yueyuan was increased from RMB5.0 million to RMB100.0 million, with the increased registered capital of RMB95.0 million subscribed by Shenglong Holdings. The capital increment was registered in Shenzhen AMR on 20 August 2024. Upon completion of the increase of registered capital, Shenzhen Yueyuan was held by Shenglong Holdings, Mr. RQ Liu and Mr. CQ Liu, as to approximately 95.00%, 2.70% and 2.30%, respectively.

On 24 April 2026, Shenzhen Yueyuan resolved to reduce its registered capital from RMB100.0 million to RMB50.0 million.

Since then and up to the Latest Practicable Date, there had not been any change to the equity holding of Shenzhen Yueyuan. As at the Latest Practicable Date, Shenzhen Yueyuan was an indirect non-wholly-owned subsidiary of our Company.

Shenzhen Yueyuan is principally engaged in engineering construction.

Yueyuan Aluminum

Yueyuan Aluminum was established as a limited liability company in the PRC on 7 November 2013 with a registered capital of RMB1.0 million, which was fully paid by Shenzhen Yueyuan.

Since the establishment of Yueyuan Aluminum and up to the Latest Practicable Date, there had not been any change in its equity holding. As at the Latest Practicable Date, Yueyuan Aluminum was a direct wholly-owned subsidiary of Shenzhen Yueyuan.

The principal business activities of Yueyuan Aluminum are production of curtain wall panels and processing of aluminum alloy doors and windows.

Yueyuan Curtain Wall

Yueyuan Curtain Wall was established as a limited liability company in the PRC on 9 August 2017 with a registered capital of RMB1.0 million, which was fully paid by Shenzhen Yueyuan.

Since the establishment of Yueyuan Curtain Wall and up to the Latest Practicable Date, there had not been any change in its equity holding. As at the Latest Practicable Date, Yueyuan Curtain Wall was a direct wholly-owned subsidiary of Shenzhen Yueyuan.

The principal business activities of Yueyuan Curtain Wall are processing of glass curtain walls, metal doors and windows, aluminum plate components and light steel parts.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

[REDACTED]

On 9 August 2024, Shenglong Enterprise Management was established in the PRC as a Sino-foreign joint venture limited liability company with a registered capital of RMB1.0 million, and was owned as to 52.92%, 46.08% and 1% by Mr. RQ Liu, Mr. CQ Liu and Strength Corporation, respectively. As of the date of establishment of Shenglong Enterprise Management, Strength Corporation was indirectly wholly-owned by Ms. Liu, the [REDACTED]. For details about the incorporation of Strength Corporation, please refer to the paragraph headed “Corporate Reorganisation — Step 2 — Incorporation of Perfect Peach and share transfer of Strength Corporation” below in this section. On 30 August 2024, Ms. Liu settled the consideration of RMB10,000 for the [REDACTED].

On 11 October 2024, 10,000 Shares were allotted and issued to Perfect Peach as the consideration for the acquisition of the entire issued share capital of Strength Corporation from Perfect Peach at the direction of Diamond Soars and Reliable Profit. Upon completion of the allotment, our Company was held by Diamond Soars, Reliable Profit and Perfect Peach, as to 52.92%, 46.08% and 1%, respectively.

The following table sets forth other information of the [REDACTED]:

Name of [REDACTED]	:	Liu Shanli (劉山立)
Date of investment	:	9 August 2024
Amount of consideration paid	:	RMB10,000
Payment date of the consideration	:	30 August 2024
Basis of determining the consideration	:	with reference to the registered capital of Shenglong Enterprise Management
Number of Shares allotted	:	10,000
Number of Shares and percentage held upon the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] or any option that may be granted under the Share Option Scheme is not exercised)	:	[REDACTED] Shares, representing [REDACTED]% of the total issued share capital of our Company upon the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] or any option that may be granted under the Share Option Scheme is not exercised)

[REDACTED]

Special rights	:	N/A
[REDACTED]	:	as working capital of our Group
Lock-up period	:	N/A

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

[REDACTED] : Ms. Liu’s shareholding in our Company will not be counted as part of the **[REDACTED]** for the purpose of Rule 11.23(7) of the GEM Listing Rules.

Strategic benefits to our Group : As a strategic foreign investor under the Reorganisation, with Ms. Liu’s investment, Shenglong Enterprise Management was established in the PRC as a Sino-foreign joint venture limited liability company. Given that Ms. Liu is based and resides in the United States, she is willing to assist our Group in expanding its overseas markets by leveraging her connections and business network. Our Directors were of the view that Ms. Liu’s contribution to our Group demonstrates Ms. Liu’s confidence in the operations of our Group and serves as an endorsement of our Company’s performance, strength and prospects.

Background of the [REDACTED]

Ms. Liu is an American citizen and a vice president of the Communication Department at MTS 99 LLC. She is a daughter of Mr. CQ Liu, therefore an associate of Mr. CQ Liu and hence a connected person of our Company. Through the introduction by Mr. CQ Liu, Ms. Liu had a better understanding of the Group’s business operations and decided to act as the **[REDACTED]** to invest in the Group. Ms. Liu’s investment in the Group not only shows her support for her family, but also shows her endorsement of the Group’s business performance within the Track Record Period and her confidence in the future business development of the Group, which will provide a considerable return on her investment in the Group. She directly holds the entire issued share capital in Perfect Peach, which is a company incorporated in the BVI with limited liability. Following the completion of the **[REDACTED]** and the **[REDACTED]** (assuming the **[REDACTED]** or any option that may be granted under the Share Option Scheme is not exercised), Ms. Liu will be interested in **[REDACTED]** Shares through Perfect Peach, representing approximately **[REDACTED]**% of the total number of Shares in issue.

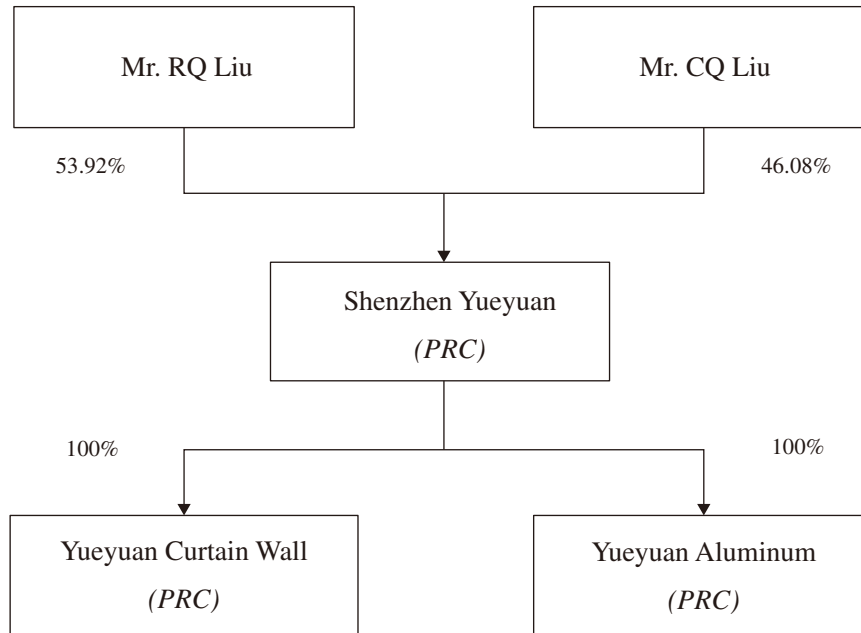
Compliance with [REDACTED] Guidance

On the basis that (i) the consideration for the **[REDACTED]** had been irrevocably settled more than 28 clear days before the date of the first submission of the **[REDACTED]** for the **[REDACTED]** and (ii) no special rights were granted to the **[REDACTED]**, the Sole Sponsor is of the view that the **[REDACTED]** is in compliance with Chapter 4.2 of the Guide for New **[REDACTED]** Applicants.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE REORGANISATION

The following chart sets forth the shareholding and corporate structure of our Group immediately prior to the Reorganisation:



In preparation for the [REDACTED], our Group underwent the Reorganisation. The Reorganisation involves the following steps:

Step 1 — Reduction in registered capital of Shenzhen Yueyuan

On 3 June 2024, Shenzhen Yueyuan, Mr. RQ Liu and Mr. CQ Liu entered into a capital reduction agreement, pursuant to which the registered capital of Shenzhen Yueyuan was reduced from RMB150.0 million to RMB5.0 million, with the reduced capital of RMB145.0 million credited to the capital reserve of Shenzhen Yueyuan. The capital reduction was registered in Shenzhen AMR on 23 July 2024.

Step 2 — Incorporation of Perfect Peach and share transfer of Strength Corporation

On 11 June 2024, Perfect Peach, an investment holding company, was incorporated in the BVI and one fully paid share of US\$1.0 was issued and allotted to Ms. Liu, our [REDACTED], on 18 June 2024.

On 18 January 2024, Strength Corporation, an investment holding company, was incorporated in Hong Kong and on the same date, one fully paid share of HK\$1.0 was issued and allotted to the initial subscriber, an independent third party, which was then transferred to Perfect Peach for a consideration of HK\$1.0 on 30 June 2024. Upon completion, Strength Corporation was indirectly wholly-owned by Ms. Liu, our [REDACTED], through Perfect Peach.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Step 3 — Formation of Shenglong Enterprise Management and Shenglong Holdings

On 9 August 2024, Shenglong Enterprise Management was established in the PRC as a Sino-foreign joint venture limited liability company with a registered capital of RMB1.0 million, and was owned as to 52.92%, 46.08% and 1% by Mr. RQ Liu, Mr. CQ Liu and Strength Corporation, respectively. Strength Corporation was a Hong Kong company indirectly wholly-owned by the [REDACTED]. With the [REDACTED], Shenglong Enterprise Management was strategically set up as a foreign-invested enterprise.

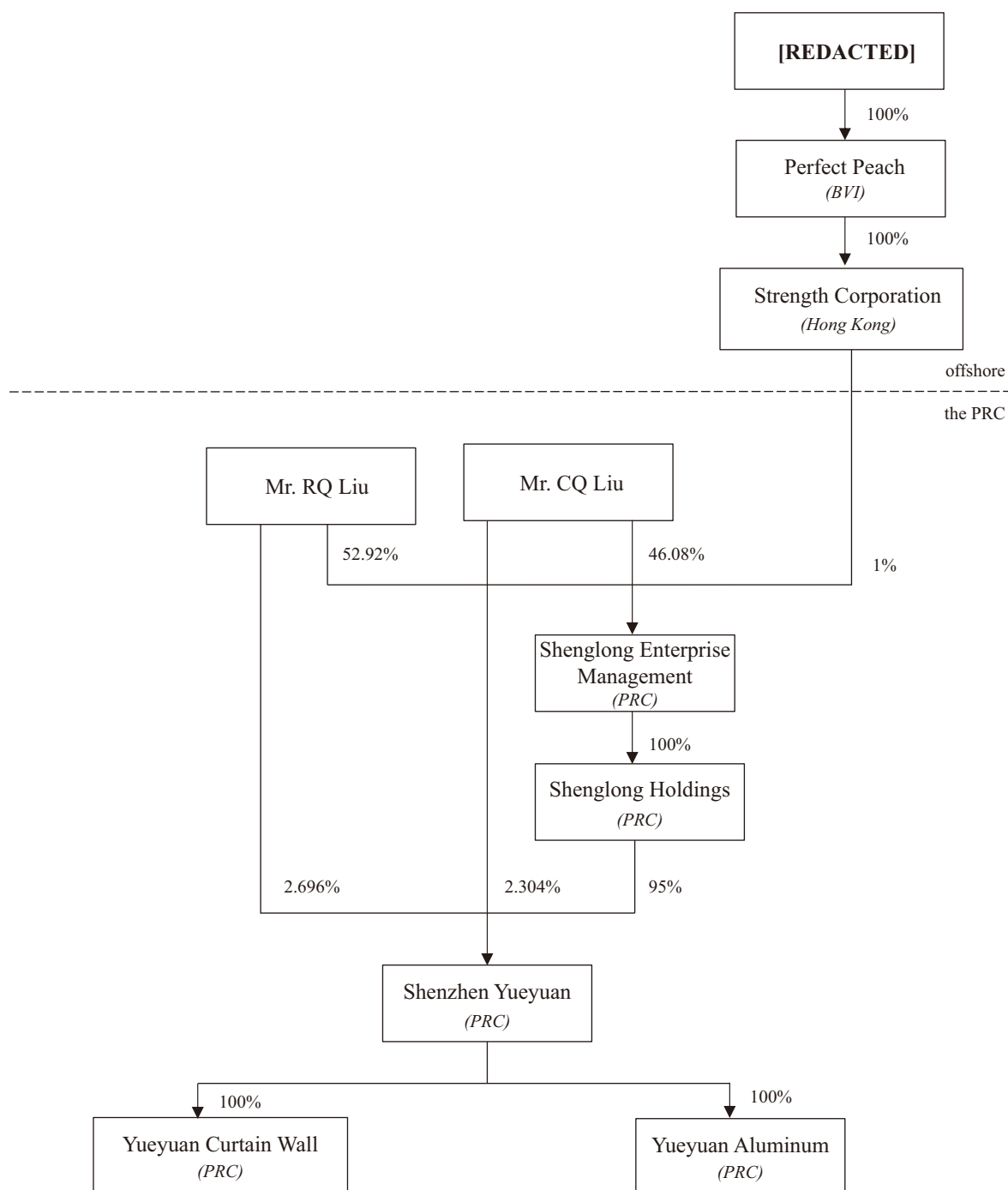
On 12 August 2024, Shenglong Holdings was established in the PRC as a limited liability company with a registered capital of RMB1.0 million and was wholly-owned by Shenglong Enterprise Management.

Step 4 — Capital increase in Shenzhen Yueyuan by Shenglong Holdings

On 13 August 2024, Shenglong Holdings entered into a capital increase agreement with Shenzhen Yueyuan, Mr. RQ Liu and Mr. CQ Liu, pursuant to which the registered capital of Shenzhen Yueyuan was increased from RMB5.0 million to RMB100.0 million, and the increased registered capital of RMB95.0 million was subscribed by Shenglong Holdings. The capital increase was registered in Shenzhen AMR on 20 August 2024.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Immediately upon completion of the capital increment, Shenzhen Yueyuan was owned as to 2.696%, 2.304% and 95% by Mr. RQ Liu, Mr. CQ Liu and Shenglong Holdings, respectively. The following diagram shows the corporate structure after the capital increment:



Step 5 — Setup of Diamond Soars and Reliable Profit

On 29 July 2024, Diamond Soars, an investment holding company, was incorporated in the BVI and one fully paid share of US\$1.0 was issued and allotted to Mr. RQ Liu on 12 August 2024.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 29 July 2024, Reliable Profit, an investment holding company, was incorporated in the BVI and one fully paid share of US\$1.0 was issued and allotted to Mr. CQ Liu on 12 August 2024.

Step 6 — Incorporation of our Company and establishment of offshore group structure

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act on 28 August 2024. On the same day, one Share was issued and allotted to the initial subscriber, an independent third party.

On 28 August 2024, the one Share held by the initial subscriber was transferred to Diamond Soars at par and on the same day, 529,199 and 460,800 Shares were issued and allotted to Diamond Soars and Reliable Profit, respectively. As of that date, our Company was indirectly owned as to approximately 53.45% and 46.55% by Mr. RQ Liu and Mr. CQ Liu, respectively.

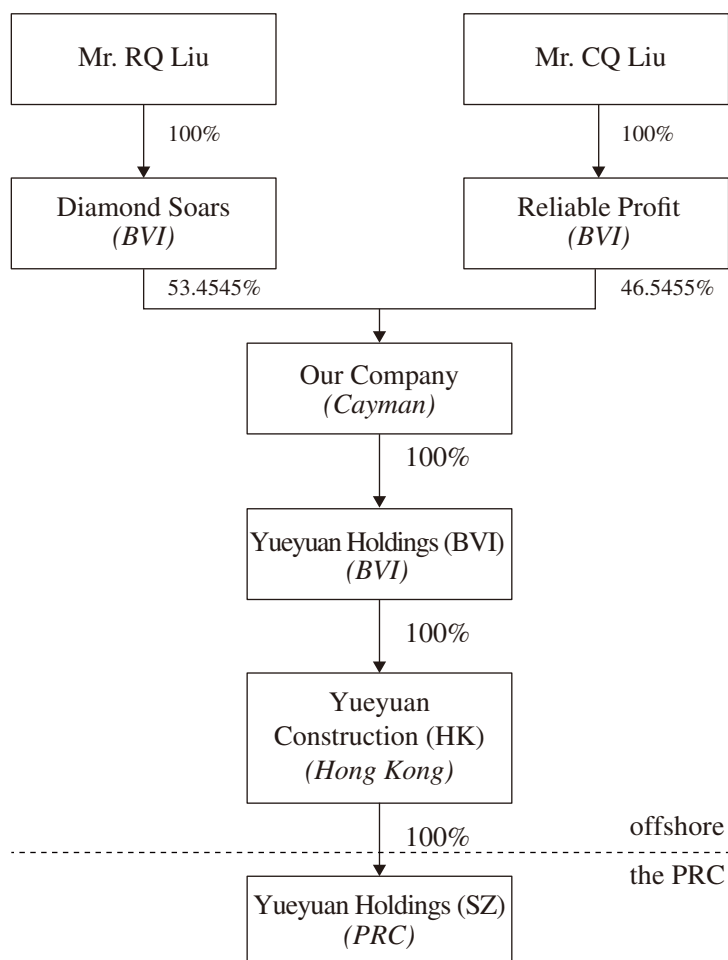
On 29 August 2024, Yueyuan Holdings (BVI), an investment holding company, was incorporated in the BVI and on the same date, one fully paid share of US\$1.0 was issued and allotted to our Company.

On 6 September 2024, Yueyuan Construction (HK), an investment holding company, was incorporated in Hong Kong and on the same date, one fully paid share of HK\$1.0 was issued and allotted to Yueyuan Holdings (BVI).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Step 7 — Establishment of Yueyuan Holdings (SZ)

On 8 October 2024, Yueyuan Holdings (SZ) was established in the PRC as a wholly foreign-owned enterprise with a registered capital of RMB60.0 million, and was wholly-owned by Yueyuan Construction (HK). After the establishment of Yueyuan Holdings (SZ), our corporate structure was as follows:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Step 8 — Acquisition of entire issued share capital of Strength Corporation by Yueyuan Holdings (BVI)

On 11 October 2024, Yueyuan Holdings (BVI) entered into a share swap agreement with Perfect Peach, pursuant to which Yueyuan Holdings (BVI) acquired the entire issued share capital of Strength Corporation in consideration of which, our Company issued and allotted 10,000 Shares to Perfect Peach as directed by Diamond Soars and Reliable Profit. Immediately after the share swap, Strength Corporation became our indirect wholly-owned subsidiary and Perfect Peach was interested in 1% of the issued share capital of our Company.

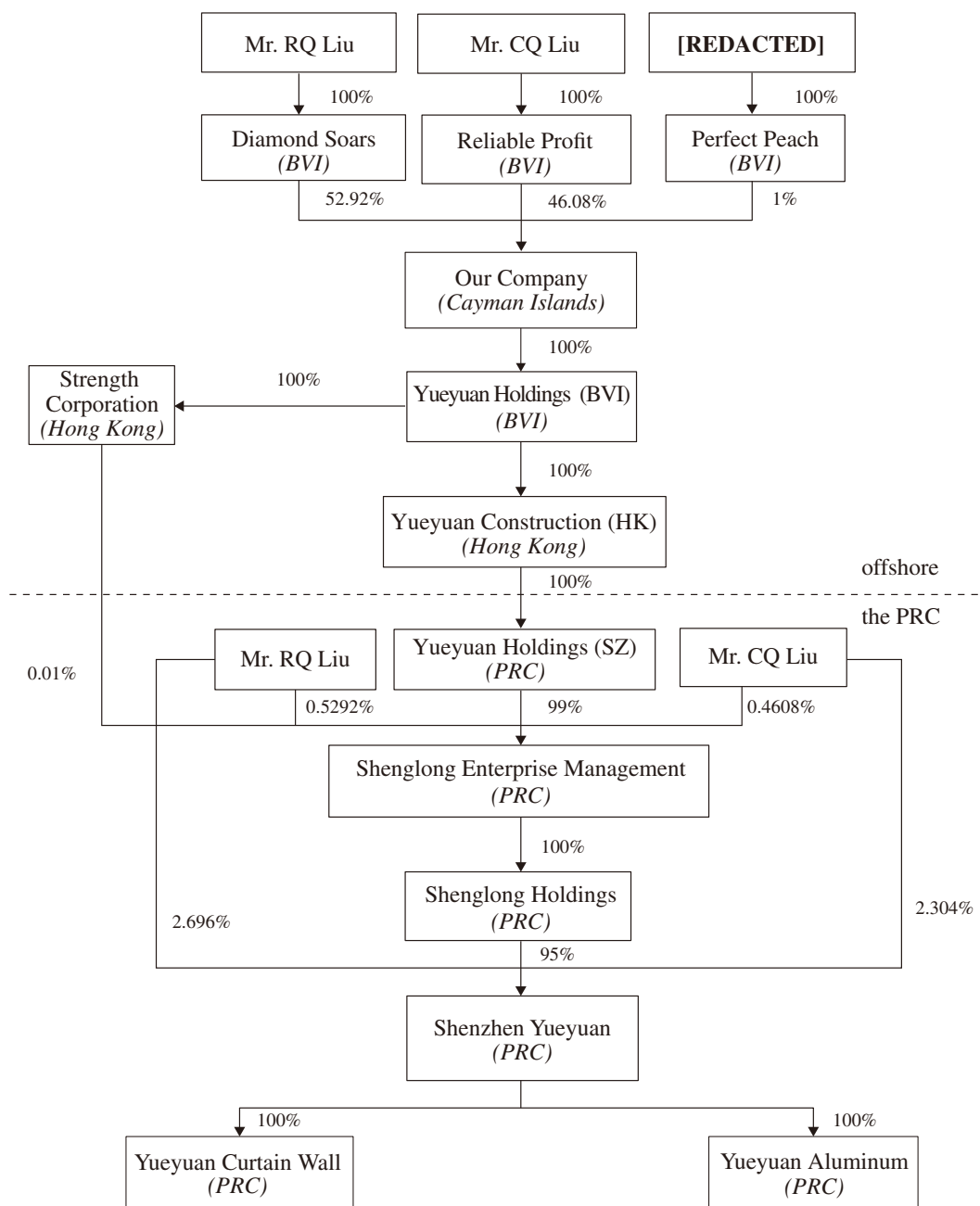
Step 9 — Capital increment in Shenglong Enterprise Management by Yueyuan Holdings (SZ)

On 15 October 2024, Yueyuan Holdings (SZ) entered into a capital increase agreement with Shenglong Enterprise Management, Mr. RQ Liu, Mr. CQ Liu and Strength Corporation, pursuant to which the registered capital of Shenglong Enterprise Management was increased from RMB1.0 million to RMB100.0 million, and the increased registered capital of RMB99.0 million was subscribed by Yueyuan Holdings (SZ). The capital increment was registered in Shenzhen AMR on 16 October 2024. Immediately upon completion of the capital increment, Shenglong Enterprise Management was owned as to 99%, 0.5292%, 0.4608% and 0.01% by Yueyuan Holdings (SZ), Mr. RQ Liu, Mr. CQ Liu and Strength Corporation, respectively.

As advised by the PRC Legal Advisers, according to the Guidelines for the Administration of Foreign Investment Access (《外商投資準入管理指引手冊》) issued by MOFCOM on 18 December 2008, the transfer of equity by a foreign-invested enterprise to a foreign party is not subject to the M&A Rules, regardless of whether such foreign-invested enterprise and the foreign party are related parties or whether the foreign party is an original shareholder or a new investor of such foreign-invested enterprise. As advised by the PRC Legal Advisers, the M&A Rules only apply to mergers and acquisitions of domestic enterprises in the PRC. Since Shenglong Enterprise Management is a foreign-invested enterprise, Yueyuan Holdings (SZ)’s registered capital injection of RMB99.0 million into Shenglong Enterprise Management is not subject to any prior approval from the Ministry of Commerce of the PRC under the M&A Rules.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

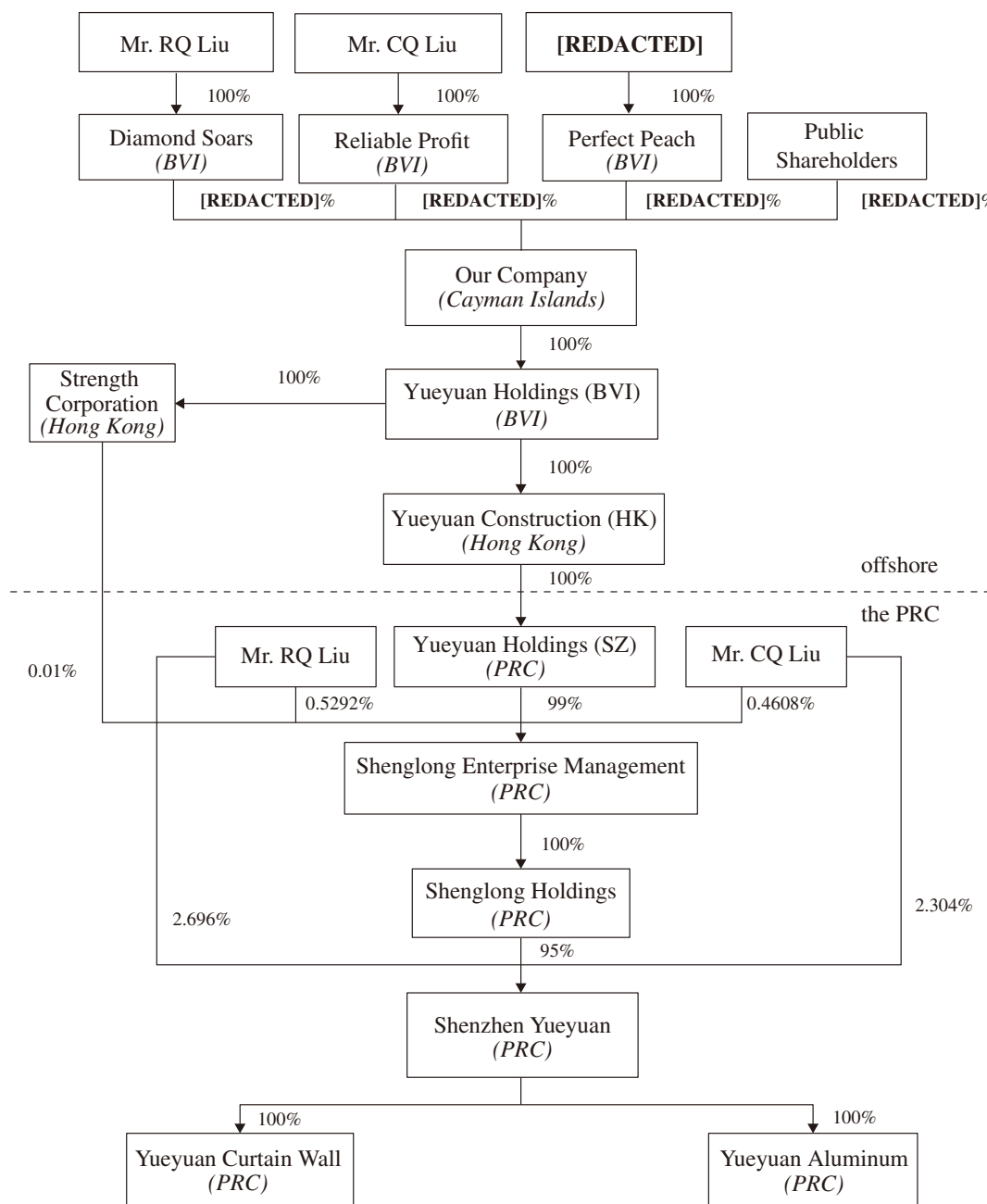
The following chart sets out the shareholding and corporate structure of our Group immediately after the Reorganisation:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY UPON COMPLETION OF THE [REDACTED] AND THE [REDACTED]

The following chart sets out the shareholding and corporate structure of our Group immediately upon completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] or any option that may be granted under the Share Option Scheme is not exercised):



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Save as disclosed in the paragraph headed “Corporate Reorganisation” above in this section, throughout the Track Record Period and up to the Latest Practicable Date, we did not conduct any major acquisitions, disposals or mergers.

PRC LEGAL COMPLIANCE

The PRC Legal Advisers have confirmed that all relevant material registrations, approvals and permits required under the PRC laws and regulations in relation to the establishment, decrease(s) and increase(s) of registered capital, equity transfers and reorganisation in respect of the PRC subsidiaries of our Group as described above have been completed and obtained.

M&A Rules

According to the Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”) jointly issued by MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, the SAIC and the SAFE on 8 August 2006, effective as at 8 September 2006 and amended on 22 June 2009, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes for the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (iv) purchases the assets of a domestic enterprise, and then contributes such assets to establish a foreign-invested enterprise. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in PRC companies in exchange for the shares of offshore companies.

As advised by the PRC Legal Advisers, the proposed [REDACTED] is not subject to approval from MOFCOM under the M&A Rules and our [REDACTED] on the Stock Exchange is not subject to prior approval from the CSRC under the M&A Rules.

Circular 37

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular 37**”) on 4 July 2014, which replaced the former circular commonly known as “SAFE Circular 75” promulgated by SAFE on 21 October 2005. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents’ legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a “special purpose vehicle”. SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or swap, merger, division or any other material event.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 13 February 2015, SAFE released the Notice on Further Simplifying and Improving the Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “SAFE Circular 13”), which became effective from 1 June 2015. According to SAFE Circular 13, local banks shall examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37.

As advised by the PRC Legal Advisers, each of Mr. RQ Liu and Mr. CQ Liu has completed the relevant registration under SAFE Circular 37 on 23 September 2024.

[REDACTED] and [REDACTED]

Immediately upon completion of the [REDACTED], (assuming the [REDACTED] or any option that may be granted under the Share Option Scheme is not exercised), Shares held by the following Shareholders who are, or directly or indirectly controlled by, our core connected persons (or their close associates) will not be counted towards the public float for the purpose of Rule 11.23 of the GEM Listing Rules:

- Diamond Soars, a company wholly-owned by Mr. RQ Liu (being one of our Controlling Shareholders and a non-executive Director) holding approximately [REDACTED]% of the total issued share capital of the Company;
- Reliable Profit, a company wholly-owned by Mr. CQ Liu (being one of our Controlling Shareholders and an executive Director) holding approximately [REDACTED]% of the total issued share capital of the Company; and
- Perfect Peach, a company wholly-owned by Ms. Liu (being a [REDACTED] and the daughter of Mr. CQ Liu (an executive Director and a core connected person of the Company)) holding approximately [REDACTED]% of the total issued share capital of the Company.

For details of Diamond Soars and Reliable Profit, please refer to “Relationship with the Controlling Shareholders — Controlling Shareholders” in this document. For details of Ms. Liu’s [REDACTED], please refer to “History, Reorganisation and Corporate Structure — [REDACTED]” in this document.

To the best knowledge of our Directors, the Shares held by the other Shareholders upon completion of the [REDACTED] will constitute part of the [REDACTED].

Taking into account the Shares to be issued to other Shareholders pursuant to the [REDACTED], upon the completion of the [REDACTED] (assuming the [REDACTED] or any option that may be granted under the Share Option Scheme is not exercised), a total of [REDACTED] Shares, representing [REDACTED] of our total issued Shares will be counted as part of the public float, which is equal to the minimum prescribed percentage of Shares required to be held in public hands under Rule 11.23(7) of the GEM Listing Rules.

Upon the completion of the [REDACTED] (assuming the [REDACTED] or any option that may be granted under the Share Option Scheme is not exercised), it is expected that at least [REDACTED] Shares, representing [REDACTED]% of our total issued Shares and a market capitalisation of HK\$[REDACTED] (assuming an [REDACTED] Price of HK\$[REDACTED] per [REDACTED], being the low end of the indicative [REDACTED] range set out in this Document), will be held by the public and will not be subject to any disposal restrictions (whether under contract, the GEM Listing Rules, applicable laws or otherwise). Therefore, our Company is expected to satisfy the [REDACTED] requirement under Rule 11.23A of the GEM Listing Rules.

BUSINESS

BUSINESS OVERVIEW

We are an established subcontractor specialising in curtain wall works based in Guangdong Province, the PRC, with over 31 years of operating history. Our curtain wall works involve the design, processing, assembling and installation of customised curtain walls for construction projects in the PRC. Curtain walls are non-load bearing building facades consisting of a mix of lightweight materials such as aluminum, glass, steel and stone hung on the structure of a building and designed to provide a building’s exterior with enhanced aesthetic appeal, improve energy efficiency and protect against external environmental factors such as wind, water, dirt, heat, coldness, noise and light. According to the Industry Report, the overall curtain wall work market is relatively fragmented and in 2025, the top 10 curtain wall companies in the PRC accounted for approximately 6.6% of total industry revenue. Our Group held an approximately 0.1% of market share by revenue in 2025.

We supply different types of curtain wall and ancillary articles including metal roof, exterior doors and windows and light-structural steel works which all form parts of the building facade as a combination under our curtain wall projects. We operate a production facility in Huizhou, Guangdong Province, the PRC, for processing customised curtain wall products and ancillary articles.

According to the Industry Report, the PRC Government has increasingly emphasised sustainable development, energy efficiency and reduction in carbon emissions in the building sector. By 2025, green buildings accounted for over 98% of new urban construction area in the PRC. In response to the PRC Government’s policy initiatives and industry trends, including the Two-Year Action Plan for Steady Growth of the Building Materials Industry (2025–2026) and the 15th Five-Year Plan (2026–2030), we are committed to developing new curtain wall products that are eco-friendly and energy-saving. Our curtain wall products are designed with sustainable materials, self-cleaning properties, enhanced thermal insulation, reduced carbon footprints and photovoltaic features. We have been recognised as a “High and New Technology Enterprise” (高新技術企業) since 2016.

We hold the following engineering-related qualifications, (i) Building Architectural Curtain Wall Engineering Design (Grade A) (建築幕牆工程設計專項甲級); (ii) Building Decoration Engineering Design (Grade A) (建築裝飾工程設計專項甲級); (iii) Professional Contracting for Architectural Curtain Wall Engineering (Grade I) (建築幕牆工程專業承包一級); (iv) Professional Contracting for Building Renovation and Decoration Engineering (Grade I) (建築裝修裝飾工程專業承包一級); (v) Professional Contracting for Steel Structure Engineering (Grade II) (鋼結構工程專業承包二級); (vi) Light Steel Structure Engineering Design (Grade B) (輕型鋼結構工程設計專項乙級); and (vii) Permit for electric installation (maintenance, testing): Level 3 qualification for installation, maintenance and testing (承裝(修、試)電力設施許可證：承裝類三級、承修類三級、承試類三級). For further details, please refer to the paragraph headed “Licences, qualifications and permits” in this section.

In June 2021, we initiated a collaborative project with Shenzhen University to develop a nano self-cleaning coating technique for our curtain wall products. As at the Latest Practicable Date, our Group had registered a total of five patents related to this technique in the PRC. According to the Industry Report, the photovoltaics curtain wall market in the PRC is projected to grow at a CAGR of 17.7% from 2026 to 2030. Since December 2023, in view of such industry demand, our Group collaborated on another project with Shenzhen University to develop photovoltaic curtain walls equipped with panels that generate electricity from solar energy. Leveraging this research and development, our Group has completed one curtain wall project with photovoltaic features during the Track Record Period, which serves as our foundation for expansion into the building-integrated photovoltaics market. As at the Latest Practicable Date, our Group had registered two patents and one software copyright, and applied for two patents related to photovoltaic features in the PRC. For further details, please refer to the paragraph headed “Competitive strengths” in this section.

BUSINESS

We undertake curtain wall works in both public and private sector projects in the PRC. Our public sector projects primarily involve building developments which are financed by government entities, state-owned enterprises and state-invested enterprises. Our private sector projects mainly involve building developments financed by private property developers. During the Track Record Period, we focused our tendering strategy on public sector projects, prioritizing contracts with larger values and favorable commercial terms.

The table below sets forth a breakdown of our revenue during the Track Record Period by reference to project sectors and types of development:

	FY2024			FY2025			3M2026		
	No. of projects and variation order	Revenue	% of total revenue	No. of projects and variation order	Revenue	% of total revenue	No. of projects and variation order	Revenue	% of total revenue
		RMB'000	%		RMB'000	%		RMB'000	%
Private sector	115	363,355	54.7	51	434,606	69.3	21	50,539	39.6
Public sector	19	301,306	45.3	6	192,555	30.7	5	77,045	60.4
Total	134	664,661	100.0	57	627,161	100.0	26	127,584	100.0

Our quality management framework, occupational health and safety management framework, and environmental management framework are certified under ISO 9001:2015, ISO 45001:2018, and ISO 14001:2015, respectively. For further details, please refer to the paragraphs headed “Quality control”, “Occupational health and work safety” and “Environmental, social and corporate governance matters” in this section.

We have received industry awards, including (i) the China Construction Engineering Luban Prize (National Quality Project) (中國建設工程魯班獎(國家優質工程)) from the China Construction Industry Association* (中國建築業協會), representing the highest honour in the construction and engineering industry in the PRC; (ii) the China Construction Engineering Decoration Award (中國建築工程裝飾獎) from the China Building Decoration Association* (中國建築裝飾協會); and (iii) the Guangdong Province Excellent Building Decoration Engineering Award (廣東省優秀建築裝飾工程獎) from the Building Decoration Branch of the Guangdong Province Construction Industry Association (廣東省建築業協會建築裝飾分會). For further details, please refer to the paragraph headed “Awards and recognitions” in this section.

According to the Industry Report, driven by (i) the government’s ongoing investment in infrastructure and public facilities development of various specialised facilities such as 5G networks base stations, big data centers and smart power plant, which require sophisticated curtain wall structure to maintain optimal internal environments and ensure energy efficiency; and (ii) the demand for premium and customised solutions in high-end and sizable projects, ongoing recovery in office construction, rising demand for energy-efficient building envelopes in corporate structures, and the refurbishment of existing commercial buildings, the market size of curtain wall works in the PRC is expected to maintain a steady growth at a CAGR of approximately 3.0% from 2026 to 2030, reaching a gross value of approximately RMB561.4 billion in 2030. For details on the market drivers relating to our Group, please refer to the section headed “Industry overview” in this document.

BUSINESS

COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths:

We have an established track record in the curtain wall industry in the PRC

We have over 31 years of operating history in the PRC curtain wall industry. We undertake curtain wall works in both public and private sector projects in the PRC.

Throughout our operating history, we have participated in several landmark developments across various provinces in the PRC, which include:

- Shuntian International Financial Center (順天國際金融中心) in Changsha, Hunan Province which received the China Construction Engineering Luban Prize (National Quality Project) (中國建設工程魯班獎 (國家優質工程)) from the China Construction Industry Association (中國建築業協會)
- Chongzuo Sports Centre (崇左市體育中心) in Chongzuo, Guangxi Province which received the China Construction Engineering Decoration Award (中國建築工程裝飾獎) from the China Building Decoration Association* (中國建築裝飾協會)
- Nanshan Science & Technology Innovation Center (南山科技創新中心) in Shenzhen, Guangdong Province which is one of the most prominent tech hubs in Shenzhen.

Our projects are generally contracted by way of tender. According to the Industry Report, projects contracted by way of tender generally have stringent tender selection requirements. The industry has increasingly shifted toward a “Comprehensive Evaluation Method” (綜合評分法) for public procurement, awarding points for financial health, transparent auditing records, corporate credit rating and overall company status, in addition to technical capability and past performance. Tenderers with extensive track record, strong balance sheets, clean governance and satisfactory performance in curtain wall projects are considered favourably by project owners and the main contractors engaged by them. Our established track record in curtain wall projects demonstrates our ability to meet the quality standards and technical specifications of various project owners as well as main contractors. Leveraging our proven track record in curtain wall projects, we have developed an in-depth understanding of the requirements and technical specifications of various customers and national policies related to the curtain wall industry in the PRC. This, in turn, provides assurance to our customers of our ability to carry out curtain wall projects efficiently and in compliance with national standards and policies.

According to the Industry Report, the tender success rate of the PRC curtain wall industry generally ranges from 15% to 50% which varies depending on different factors, including market competition, economic conditions, track record, pricing, technical and functional capabilities and negotiation with customers on contract terms. For FY2024, FY2025 and 3M2026, we recorded a tender success rate of approximately 52.4%, 53.1% and 53.8%, respectively, being slightly above the upper range of the tender success rate of the PRC curtain wall industry. Our relatively high tender success rate for FY2024 and FY2025 demonstrates that, we focused our tendering strategy on public sector projects, prioritizing contracts with larger values and favorable commercial terms.

BUSINESS

We are capable of providing integrated curtain wall solutions

Our curtain wall works involve the design, processing, assembling and installation of customised curtain wall for construction projects in the PRC. According to the Industry Report, curtain wall solutions providers which are capable of providing integrated curtain wall solutions, including design, processing, assembling, installation and post-installation support, are generally able to better manage project schedule, optimise resource allocation and maintain work quality, thereby mitigating the risk of project delays and cost overruns. Further, according to the Industry Report, less than 10% of the non-state owned curtain work solutions providers in Guangdong Province, the PRC, are capable of providing integrated curtain wall solutions like our Group. Project owners and main contractors increasingly prefer such providers to ensure seamless integration and quality control.

We operate a production facility in Huizhou, Guangdong Province, the PRC, for processing customised curtain wall products and ancillary articles. Our Directors consider that our established production capacity gives us great flexibility in pursuing projects of different scale and complexity and enables us to meet the schedule of our customers. Our in-house production capacity also enables us to maintain stringent quality control over our products, achieve stability in supply and achieve cost efficiency.

We possess research and development capabilities to develop curtain wall products with technical and eco-friendliness features

We strive to differentiate ourselves from our competitors through product innovation. We are committed to developing new curtain wall products that are eco-friendly and energy-saving. Our curtain wall products are designed with sustainable materials, self-cleaning properties, enhanced thermal insulation, reduced carbon footprints and photovoltaic features. As a testament to our research and development capabilities, we have been recognised as a “High and New Technology Enterprise” (高新技術企業) since 2016. As at the Latest Practicable Date, our Group had registered a total of 63 patents in the PRC. For further details, please refer to the paragraph headed “Intellectual properties” in this section. Our research and development department was staffed with 19 personnel as at 31 March 2026.

Our Group is committed to understanding and meeting the needs of customers while continuously staying informed of industry trend. Since 2017, we have applied nano self-cleaning coating (納米自潔塗層) to our curtain walls. We initially sourced these coatings from limited suppliers. In June 2021, we collaborated with Shenzhen University to develop our own nano self-cleaning coating technique, which we began applying to our products in 2023. In 2022, our research taskforce was designated as the Guangdong Province Nano Self-cleaning Curtain Wall Engineering Technology Research Centre (廣東省納米自清潔幕牆工程技術研究中心) by the Department of Science and Technology of the Guangdong Province (廣東省科學技術廳). As at the Latest Practicable Date, our Group had registered a total of five patents related to this technique.

In December 2023, our Group engaged in another collaborative project with Shenzhen University to develop photovoltaic curtain walls equipped with photovoltaic panels that generate electricity from solar energy. Leveraging this research and development, our Group has completed one curtain wall project with photovoltaic features, which serves as our foundation for expansion into the building-integrated photovoltaics market. As at the Latest Practicable Date, our Group had registered two patents and one software copyright and applied for two patents in the PRC related to photovoltaic features. For further details of our research and development, please refer to the paragraph headed “Research and development” in this section.

BUSINESS

We implement stringent quality control management to ensure a high quality standard

We place emphasis on providing consistently high quality products and services. We implement stringent quality control measures throughout the processing, assembling and installation of curtain wall products. Our quality control management is certified to satisfy the requirements of ISO 9001:2015.

During the supplier selection process, we would generally review the licences and certifications as well as the operating history and financial record of our suppliers. We maintain an approved list of suppliers which is updated on a regular basis. Depending on the contract terms with our customers, we are generally required to procure materials with designated brands, specifications and/or quality standards. In order to ensure the materials supplied comply with the relevant specifications and quality standards, we would generally obtain sample materials from our suppliers for examination. We generally place purchase orders with our suppliers after obtaining approval from our customers on the samples. We require our suppliers to submit quality inspection report of the materials on a continual basis and we also engage external accredited laboratories to conduct testing on the materials for their chemical and physical performance.

Our production department conducts inspection and testing on the materials on a sampling basis upon their delivery to our production facility. Our production department closely monitors and conducts sample testing throughout the processing procedures to ensure strict compliance with our quality control management. We perform in-house inspections on each batch of finished goods, including four fundamental resistance and deformation tests, to ensure our products comply with customer specifications. For further details, please refer to the paragraph headed ‘Quality Control — Processing procedures of curtain wall products’ in this section.

Our site foremen and our customers’ representatives at the construction sites would also conduct inspection on the finished products upon their arrival. During installation of the curtain wall products, our site foreman together with our customers’ representatives would perform continual testing on our curtain wall products, mainly including lightning tests, strength tests and water tests.

In recognition of our commitment to work safety and environmental protection, our occupational health and safety management framework and environmental management framework are certified to be in compliance with ISO 45001:2018 certification and ISO 14001:2015 certification, respectively.

Our executive Directors believe that stringent quality control framework allows us to be better positioned to deliver quality works on time and within budget, thereby strengthening our position in the curtain wall industry in the PRC.

Industry knowledge, experience and technical know-how of our management team

Our management team possesses industry knowledge and technical qualifications in the curtain wall industry in the PRC.

Mr. CQ Liu, an executive Director and our chief executive officer, has approximately 32 years of experience in construction industry. Mr. CQ Liu is primarily responsible for the overall strategic planning and business direction of our Group. He obtained a senior engineer qualification from the Ministry of Personnel of the PRC (中華人民共和國人事部) in April 1989. He was also qualified as a senior researcher by China Construction Machinery Building Door, Window and Curtain Wall Design Institute* (建設部中建機建築門窗幕牆設計研究所) and China Construction Machinery Door, Window and Curtain Wall Design Expert Group Committee of the Ministry of Construction* (建設部中建機門窗幕牆設計專家組委員會) in August 2007.

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Mr. WJ Liu, an executive Director, joined our Group in 2016 and has accumulated experience in the curtain wall industry since his joinder. Mr. WJ Liu is primarily responsible for the overall management of our research and development projects and resolving technical issues encountered during our projects. He obtained a bachelor’s degree of arts in accounting and finance from the University of Durham in the United Kingdom in June 2015 and a Master of science degree in accounting and finance from the University of Warwick in the United Kingdom in December 2016.

For further details regarding the background and experience of our management team, please refer to the section headed “Directors and senior management” in this document.

We have a stable relationship with our customers which are primarily sizeable construction contractors and/or property developers in the PRC

We have established stable relationships with some of our major customers. As at the Latest Practicable Date, we had established business relationship with one of our major customers, namely Customer Group D for 14 years and five of our major customers, including Customer A, Customer C, Customer G, Customer H, Customer Group I for over four years. For details, please refer to the paragraph headed “Our customers — Top customers” in this section. We believe that our major customers regard us as their preferred business partner and their stable business relationships with us is attributable to their confidence in our ability to consistently deliver quality products and services over the years of business cooperation.

According to the Industry Report, each of Customer A, Customer Group D and Customer H are subsidiaries of the top construction contractors and/or property developers in the PRC. Our executive Directors expect these sizeable construction contractors and/or property developers in the PRC will continue to have future demand for curtain wall works in their construction projects. Leveraging our track record in providing reliable and quality products and services to the satisfaction of our customers, our stable relationship with such major customers and our industry reputation, our Directors believe that we would continue to be considered favourably by our major customers.

BUSINESS STRATEGIES

The principal business objective of our Group is to further strengthen our market position, increase our market share and capture the growth in the PRC curtain wall industry. We intend to achieve our business objective by expanding our scale of operation through our intended effort in actively seeking opportunities in undertaking additional curtain wall projects, from both our existing and potential new customers, on top of our present scale of operation and our current projects on hand.

Taking into consideration (i) our competitive strengths set out in the paragraph headed “Competitive strengths” above in this section; (ii) our proven track record and expertise in delivering quality curtain wall works; (iii) our capability in providing curtain wall solutions comprising design, processing, assembling and installation of customised curtain wall for construction projects in the PRC; (iv) our research and development capabilities; and (v) the forecasted growth of the curtain wall industry in the PRC as provided in the Industry Report, our Directors believe that our Group would be able to capture the potential business opportunities associated with the forecasted increase in demand for curtain wall works as discussed in the paragraphs below if we continue to increase our available resources.

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In this connection, our key business strategies are as follows:

Competing for curtain wall projects and expanding our market share

In light of the steady growth in demand for curtain wall works in the PRC as detailed in the section headed “Industry overview” in this document, our Directors believe that we should focus on deploying our resources towards competing for more sizeable curtain wall projects and expanding our market share. According to the Industry Report, the overall curtain wall market is relatively fragmented and in 2025, the top 10 curtain wall companies in the PRC accounted for approximately 6.6% of total industry revenue. Our Group held an approximately 0.1% of market share by revenue in 2025. Given this fragmented market landscape, our Directors consider that there is room for our Group to increase our market share. Of the projects awarded to us during the Track Record Period, 1, 2 and 4 projects, had a contract value of over RMB50 million in FY2024, FY2025 and 3M2026 and up to Latest Practicable Date, respectively.

To capture this market potential, we plan to actively target more sizable projects and capitalise on the high-growth green and building-integrated photovoltaics segments. According to the Industry Report, sizable curtain wall projects in the PRC from 2026 to 2030 will be primarily driven by rapid urbanization, massive infrastructure development, and a strong government push for green and high-end buildings. In particular, the building-integrated photovoltaics curtain wall segment in the PRC is projected to grow at a robust CAGR of 17.7% from 2026 to 2030, reaching approximately RMB175.7 billion by 2030. By directing our tendering efforts towards these high-growth, sustainability-driven segments, we aim to secure projects with higher contract values and strategically elevate our market position.

Owing to our tender strategy during the Track Record Period which has focused on tendering for public sector projects and being more selective in our tenders, by prioritizing particularly those involving sizable projects and more attractive terms, we experienced a decrease in number of awarded projects but a relatively stable number of projects undertaken as well as an increase in project backlog value during the Track Record Period. The number of projects awarded to our Group was 33, 26 and 7 for FY2024, FY2025 and 3M2026, respectively. Meanwhile, our number of projects undertaken at the end of the year/period was 52, 48 and 38 as at 31 December 2024, 31 December 2025 and 31 March 2026, respectively. However, there is an increase in backlog value from approximately RMB424.9 million as at 31 December 2024 to approximately RMB691.8 million as at 31 March 2026. For further details, please refer to the paragraph headed “Operation flow — Award of contract” in this section below.

Further, our Directors consider that the [REDACTED] will increase our credibility with existing and potential customers, as listed companies are subject to ongoing regulatory, disclosure, and corporate governance requirements. The [REDACTED] is expected to improve our competitiveness for curtain wall projects, particularly in public tenders. According to the Industry Report, PRC public procurement is shifting from a “lowest price wins” approach to the Comprehensive Evaluation Method (綜合評分法). This method awards tender points for financial health, transparent auditing records, corporate credit ratings, and overall company status, in addition to technical capability and past performance. For example, Zhengzhou municipal policies award bonus credit points in tender scoring directly to listed or quoted companies. Accordingly, the Directors believe that combining our track record, qualifications, and the tender scoring advantages of [REDACTED] status will enable us to capture future demand for curtain wall works in the PRC in the future.

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Adhering to prudent financial management to ensure optimal finance costs and capital sufficiency

According to the Industry Report, curtain wall solutions providers with proven track record, technical know-how and sufficient capital and financial resources are generally considered favourably by main contractors and project owners during the tender selection process. Curtain wall solutions providers with stronger financial standing, listing status, and cash flow liquidity generally hold a competitive advantage in tendering for a wider range and larger scale of projects. Furthermore, according to the Industry Report, certain local public procurement policies, such as municipal enterprise credit evaluation systems, increasingly award bonus points to listed companies. Accordingly, our executive Directors believe that our expansion of service capacity and business growth must be supported by a sound financial position, [REDACTED] status, and sufficient financial resources.

According to the Industry Report, curtain wall solutions providers generally experience net cash outflows as project up-front costs at the early stage of a project. Significant cash flow is required for the purchase of raw materials, recruitment of skilled labour and payment to subcontractors in curtain wall projects. The upfront costs generally include payment made to suppliers for materials, subcontracting fees for construction site works subcontractors and machinery rental fees. In addition, curtain wall works companies may be required to provide performance guarantee for sizeable construction projects as requested by customers, which is usually equivalent to 10% of the contract sum. Failure to make timely settlement of payments and/or issuance of performance guarantee may delay project schedules and/or affect the credibility of the curtain wall solutions providers.

When we undertake a new project without advance payments from customers, we generally continue to experience net cash outflows even after the first payment received from our customers due to the time lag between the receipt of progress payment from our customers and payments to third parties. Based on our experience, the amount of cash inflows received from our customers over the duration of a project generally exhibits an increasing trend at the early stages up to the peak amount of works, while the costs incurred by us typically experienced a less-than-proportionate increase over the period. Accordingly, our cash flows typically turn from net cash outflows into net cash inflows gradually as the project progresses.

Depending on our terms of engagement with different customers, in respect of top projects undertaken during the Track Record Period, the average amount of up-front costs incurred by our Group generally represented approximately 15% to 30% of the contract sum of the project. The specific amount of up-front costs incurred may vary from project to project, depending on the scale of the project, the schedule of project implementation and the length of our business relationships with the relevant customers. In addition, we may experience cash flow mismatch from time to time as our projects progress, which largely depend on (i) our customers’ internal certification process of our payment applications and internal approval process of our invoices; (ii) the settlement timeframe to our suppliers; and (iii) the number and scale of our projects in progress. The liquidity needs of our projects would therefore impose a constraint on the number and/or scale of the projects which we could undertake concurrently if we solely rely on our operating cash flow to support our expansion.

We believe that the net [REDACTED] from the [REDACTED] will strengthen our available financial resources, thereby allowing us to undertake more projects by applying a portion of the net [REDACTED] for satisfying our up-front costs. We currently plan to apply part of our net [REDACTED] from the [REDACTED] towards fulfilling the relevant up-front costs of three projects awarded after the Track Record Period (the “**Earmarked Projects**”). For further details of these projects, please refer to the section headed “Future plans and [REDACTED] — [REDACTED]” in this document. Based on the total estimated contract sum of the Earmarked Projects of approximately RMB566.5 million in aggregate and with reference to the lower range of the percentage of up-front costs over the total

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contract sum of our top projects undertaken during the Track Record Period of approximately 15%, it is estimated that we will incur approximately RMB86.9 million as up-front costs for the Earmarked Projects. Out of the approximately RMB86.9 million up-front costs required for the Earmarked Projects, it is estimated that approximately RMB[REDACTED] million (equivalent to approximately HK\$[REDACTED] million) will be financed with the net [REDACTED] from the [REDACTED] and the remaining RMB[REDACTED] million (equivalent to approximately HK\$[REDACTED] million) will be financed with our own internal resources and/or debt financing.

Strengthening our research and development capabilities to cater to our customers’ requirements in regards to eco-friendliness and photovoltaic features

According to the Industry Report, the photovoltaic curtain wall segment in the PRC is projected to grow at a CAGR of 17.7% from 2026 to 2030, reaching RMB175.7 billion. This growth is driven by government infrastructure investment, urban renewal initiatives, and national carbon neutrality targets. Demand is concentrated among major civic and administrative buildings, cultural centres, and transportation hubs requiring high-quality photovoltaic curtain wall.

The photovoltaics curtain wall segment presents high barriers to entry due to stringent qualification requirements and the need for specialised technical expertise. According to the Industry Report, while over 8,000 companies in the PRC hold Grade 1 curtain wall contracting qualifications, only around 800 possess both top-tier contracting and design qualifications. Having successfully completed one curtain wall project with photovoltaic features, our Group has established a track record that positions us to compete within this specialised segment of the market. To capitalise on this opportunity, we intend to implement a targeted expansion strategy focused on photovoltaic curtain wall business as well as cater to any other eco-friendly requirements of our customers.

Advancing our in-house photovoltaic research and development capabilities will allow us to provide comprehensive photovoltaic solutions and reduce our reliance on external technical consultants. Given the regulatory requirements and technical entry barriers for Building-Integrated Photovoltaics projects as advised by the Industry Report, strengthening our in-house technical capabilities is expected to increase our project execution efficiency. For further details of our research and development, please refer to the paragraph headed “Research and development” in this section.

We plan to allocate a portion of the net [REDACTED] from the [REDACTED] toward photovoltaic research and development. We estimate total costs of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) to strengthen our research and development capabilities to meet customer requirements regarding eco-friendly and photovoltaic features. For further details of the [REDACTED], please refer to the section headed “Future plans and [REDACTED]” in this document.

Implementation of our business strategies

For further details on the implementation of the abovementioned business strategies, please refer to the section headed “Future plans and [REDACTED]” in this document.

DESCRIPTION OF OUR CURTAIN WALL WORKS

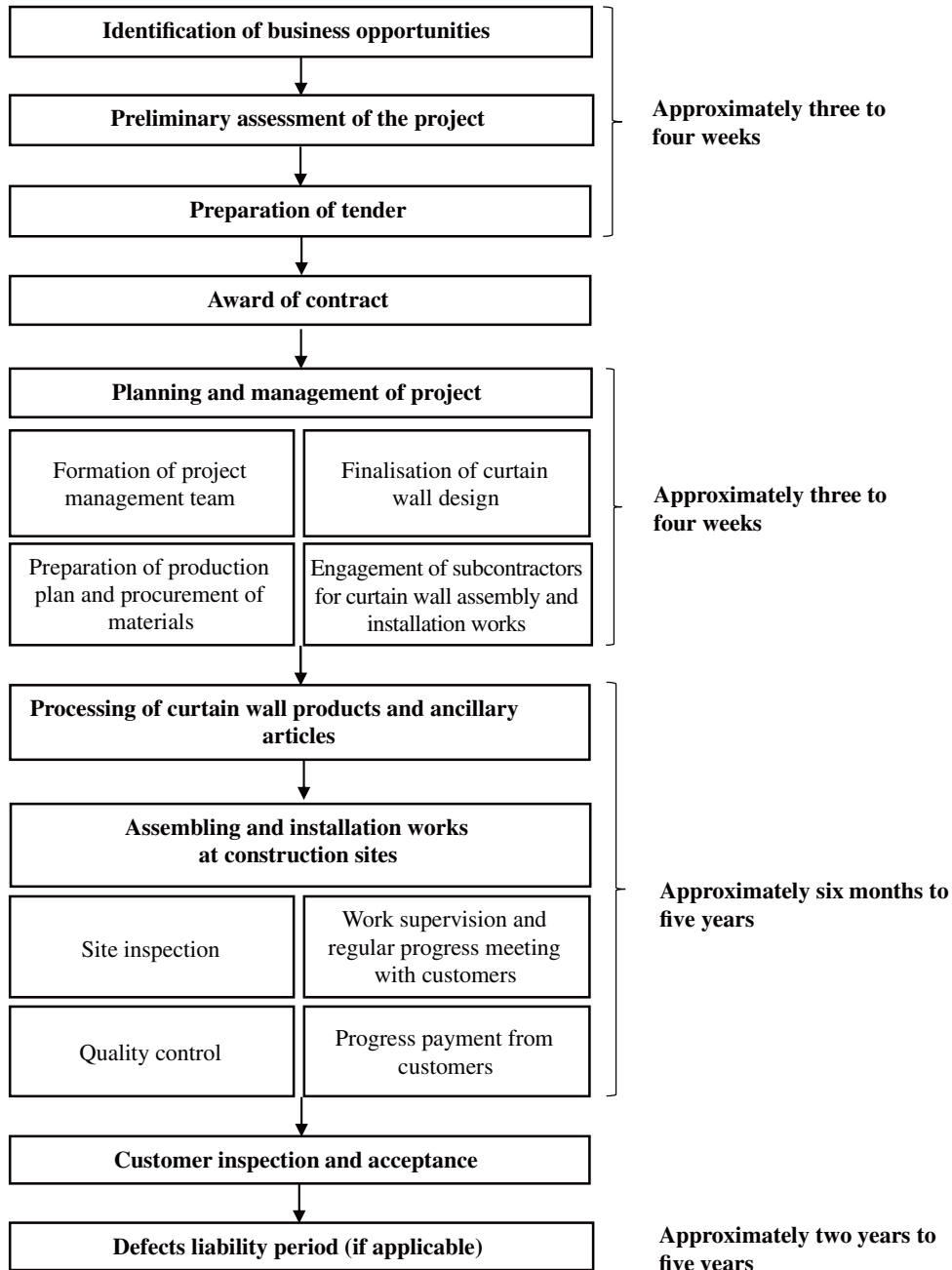
We are an established subcontractor specialising in curtain wall works based in Guangdong Province, the PRC. Our curtain wall works involve the design, processing, assembling and installation of customised curtain walls for construction projects in the PRC. We supply different types of curtain wall and ancillary articles including metal roof, exterior doors and windows and light-structural steel works which all form parts of the building facade as a combination under our curtain wall projects. Since 2017, our Group has started applying nano self-cleaning coating for our curtain wall products.

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We mainly focus on the role of project management and supervision in carrying out the installation of our curtain wall products at the construction sites. Our project management works mainly comprise (i) arranging site preparatory and preliminary works; (ii) engaging and supervising our subcontractors; (iii) maintaining regular communication with our customers; (iv) monitoring the implementation of installation works; (v) conducting site safety supervision and quality control; and (vi) developing detailed work schedule and work allocation plan.

OPERATION FLOW

The following flowchart summarises the principal steps of our typical projects:



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Note: The timeframe is calculated on an approximate basis and may vary from project to project depending on the complexity of the project, the requirements of our customers and/or our contract with our customers on the timeframe for the principal steps.

Identification of business opportunities

Our business department identifies potential projects mainly through (i) open tenders; and (ii) invitation for tender from customers. Public sector projects are usually contracted by way of open tender. Pursuant to the Bid Invitation and Bidding Law of the PRC (中華人民共和國招標投標法), a tender is required for construction projects in the PRC involving large-scale infrastructure and public utility relating to public interest and safety, projects entirely or partially financed by state-owned funds or loans by the state and projects financed by loans and financial aid from international organisations or foreign governments. For details, please refer to the section headed “Regulatory overview — Laws and regulations relating to construction — Administration of tender and bid” in this document. Our business department is responsible for keeping track of government websites and other tendering platforms to identify projects suitable for tender. Besides, our Group has from time to time received invitations to submit tender from main contractors and project owners in the PRC. For further details, please refer to the paragraph headed “Sales and marketing” in this section.

Preliminary assessment of the project

The tender documents provided by our customers generally contain project description, scope of services required, technical and contractual requirements, preliminary design drawings, tender evaluation method and criteria, curtain wall installation methods, designated brands of materials, expected commencement date, contract period, payment term and timeframe for submitting the tender.

In general, we would review and evaluate the tender documents available to us to assess the scope of services, the technical requirements, the expected complexity, size, basic background of the project, our capability, our production capacity, our available financial and human resources, and feasibility and profitability of the project, in determining whether we should proceed with the preparation of tender. We would conduct due diligence and credit history check on the potential customer and project owner by obtaining their credit and background search reports from publicly available information and perform detailed risk assessment and analysis on them.

Preparation of tender

Our production department, budgeting department and design department are primarily responsible for the preparation of tender submission. Our design department is primarily responsible for developing a proposed design which fulfils the project specifications, followed by a cost, pricing and technical analysis of the project by our production and budgeting departments based on such design. Our design department may propose value-added and cost-effective alternatives to the proposed design provided by our customer based on cost considerations after the cost estimation exercise is completed.

Our tender submission generally includes priced bill of quantities or schedule of rates. The tender submission will be approved and endorsed by our executive Directors before submission to our customers. The tender documents provided by our customers may prescribe a ceiling price of tender based on a list of items and works for the completion of the project. As an industry practice, our tender price is usually set below such ceiling price of tender. Our budgeting department generally estimates the costs to be incurred in the project based on our past experience, the recent price trends of materials

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and subcontracting services required for the project. We may obtain non-binding quotations from our material suppliers and/or subcontractors in making our cost estimation. For further information on our pricing strategy, please refer to the paragraph headed “Pricing strategy” in this section.

Our customers may arrange interviews with us after receiving our tender submission in order to have a better understanding of our personnel, expertise and experience. We may be required to answer queries in relation to our tender submission. Our customers may also negotiate on the options of our scope of service or propose amendment to our specifications.

Award of contract

Our customers generally confirm our engagement by issuing a letter of award or entering into a formal contract with us. For open tenders, the tender results would also be available on the relevant government website or tendering platform.

Our contract generally set forth the payment terms, project duration and other standard terms of services. During the Track Record Period, our contracts with customers are mainly on re-measurement basis. For further details, please refer to the paragraph headed “Our customers — Principal terms of engagement” in this section.

According to the Industry Report, the tender success rate of the PRC curtain wall industry generally ranges from 15% to 50% which varies depending on different factors, including market competition, economic conditions, track record, pricing, technical and functional capabilities and negotiation with customers on contract terms. For FY2024, FY2025 and 3M2026, our tender success rate in the Public sector was approximately 25%, 27.3% and 25%, respectively. For the Private sector, our tender success rate was approximately 58.8%, 60.5% and 66.7%, respectively, for the same periods. In aggregate, our total tender success rate was approximately 52.4%, 53.1% and 53.8% for FY2024, FY2025 and 3M2026, respectively, being slightly above the upper range of the tender success rate of the PRC curtain wall industry.

Our tender strategy during the Track Record Period has focused more on tendering for public sector projects and being more selective in our tenders, by prioritizing particularly those involving sizable projects and more attractive terms.

In changing our tendering strategy, we considered the following factors:

- (i) **Changes due to industry trends:** according to the Industry Report, since 2020 and until recently, the PRC government had introduced various regulatory policies which target to restrict the total amount of real estate investment and limit over-expansion of the real estate industry in the PRC. Such regulatory policies which attempted to cool down the real estate industry and stabilise property prices have resulted in tightened credit environment and financing channels, thereby lowering the investment sentiment of property developers. Besides, the PRC government had also introduced restriction policy on the purchases of residential properties by domicile of household, restrictions on mortgage and increase in interest rate for real estate loans in the secondary market, thereby further exacerbating the wait-and-see attitude of property buyers. These policies have hindered the growth in the real estate industry and new investments in property developments, especially in the private sector, thereby limiting the number of projects available for tender. However, the market size of curtain wall works in the PRC is expected to maintain a steady growth at a CAGR of approximately 3.0% from 2026 to 2030, reaching a gross value of approximately RMB561.4 billion in 2030 with the market size of public sector curtain wall industry in the PRC is

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forecasted to increase at a CAGR of approximately 4.4% from 2026 to 2030 as compared to a CAGR of approximately 2.0% for private sector curtain wall industry during the corresponding period. Although our executive Directors do not believe that real estate industry downturn and property cooling measures introduced by the PRC government has any direct material impact on the Group’s project in terms of material delay in the original project schedules and change of scope of work, our executive Directors consider that it is commercially sensible for our Group to focus more on tenders for public sector projects to mitigate potential impact if such trends continue and worsen.

- (ii) **Improved cashflow:** Our customers under lump sum contracts generally make progress payments according to our work progress. We may experience net cash outflows as project up-front costs at the preliminary stage of a project. Depending on our terms of engagement with different customers, in respect of top projects undertaken during the Track Record Period, the total amount of up-front costs incurred by our Group generally represented approximately 15% to 30% of the contract sum of the project. Thus, by reducing our tenders for less attractive projects, our executive Directors consider that we can improve our cash flow and allow our management to focus more on attractive sizeable projects.

Planning and management of project

Upon being awarded with a new project, we will commence planning for the implementation and management of the project, which include (i) formation of project management team; (ii) finalisation of curtain wall design; (iii) procurement of materials and preparation of production plan; and (iv) selection and appointment of subcontractors.

Formation of project management team

We generally form a project management team consisting of project manager, materials officer, site foreman, quality control officer and safety officer. Our project management team is generally responsible for (i) formulating detailed work and curtain wall production programmes; (ii) coordinating with our customers on the work schedule; (iii) engaging, supervising and collaborating with our subcontractors for the installation of curtain wall products at the construction sites; (iv) supervision of work progress, budget and quality of services rendered; (v) preparation of progress report; and (vi) participation in project meetings and communication with our customers on a continual basis; and (vii) ensuring the works performed fulfil our customers’ requirements, and are completed on schedule, within budget and in compliance with all applicable statutory requirements. In general, we determine the manpower allocation to a project management team based on the timeline, scale and complexity of the projects as well as the existing workload of our staff.

Finalisation of curtain wall design

We may be required by our customers to prepare the curtain wall design which generally comprises preparation of structural calculations, curtain wall design drawings and advising on suitable curtain wall installation and assembling methods.

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Preparation of production plan and procurement of materials

Upon approval of the curtain wall design by our customer, our project management team will coordinate with our production department to prepare the production plan. The curtain wall products used in each project are tailor-made according to the specifications and requirements of our customers. The production plan generally includes the specifications of materials, production schedule and delivery time.

We are generally responsible for the procurement of materials such as glass, steel, aluminum, stone and hardware materials required in a project. Depending on the contract terms with our customers, we are generally required to procure materials with designated brands, specifications and/or quality standards. We typically purchase materials from our internal list of approved suppliers. After being awarded with a project, we will contact the suppliers from whom we have obtained pre-bid quotations during the tender phase, and may further negotiate on the pricing and contract terms with them. We did not engage in any hedging activities to minimise the risk of price fluctuation of materials.

In order to ensure the materials supplied comply with the relevant specifications and quality standards, we would generally obtain sample materials from our suppliers for examination. We generally place purchase orders with our suppliers after obtaining approval from our customers on the samples. We require our suppliers to submit quality inspection report of the materials on a continual basis and we also engage external accredited laboratories to conduct testing on the materials for their chemical and physical performance. Our production department conducts inspection and testing on the materials on a sampling basis upon their delivery to our production facility.

Engagement of subcontractors for curtain wall assembly and installation works

To facilitate the installation phase, our Group maintains an approved list of subcontractors which is updated on a regular basis. We select our subcontractors based on their quality of services, track record, qualifications, licences, skills and technique, reputation, prevailing market price, delivery time and availability of resources in accommodating our requests.

Processing of curtain wall products and ancillary articles

We carry out processing of curtain wall products and ancillary articles including metal roof, exterior doors and windows and light-structural steel works at our own production facility located in Huizhou, Guangdong Province. For details, please refer to the paragraph headed “Production facility — Processing procedures” in this section. Our production department closely monitors and conducts sample testing throughout the processing procedures to ensure strict compliance with our quality control management. Our customers’ representatives would also conduct site inspection at our production facility to monitor the quality of our curtain wall products.

We perform in-house inspections on each batch of finished goods, including four fundamental resistance and deformation tests, to ensure our products comply with customer specifications. For further details, please refer to the paragraph headed ‘Quality Control — Processing procedures of curtain wall products’ in this section.

For projects situated remotely from Guangdong Province, we may engage third party suppliers nearby the relevant project sites for conducting the processing works of curtain wall products and ancillary articles. Our Group would normally designate our own production staff to station at the

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production facility of such third party suppliers in order to monitor the overall curtain wall processing procedures and conduct quality inspection. This approach improves logistics and transportation efficiency, minimises relevant costs and increases our flexibility in meeting project schedule.

Assembly and installation works at construction sites

Site inspection and quality control

Upon obtaining approval of the finished curtain wall products from our customers, we would engage third party logistics service providers to deliver the finished products to the relevant construction site for installation. Our site foreman and our customers’ representatives at the construction site would conduct inspection on the finished products upon their arrival.

During installation of the curtain wall products, our site foreman together with our customers’ representatives would perform continual testing on our curtain wall products, mainly including (i) lightning tests to ensure that the personnel and properties in the building will not be harmed if our curtain walls were to be hit by lightning; (ii) strength tests to confirm the structural adhesiveness between the curtain wall and aluminum extrusions; and (iii) water tests to ensure no curtain wall leakage. For further information regarding our quality control management, please refer to the paragraph headed “Quality control” in this section.

Work supervision and regular progress meetings with customers

Depending on our customers’ requests, we are generally required to submit weekly progress reports to and attend weekly progress meetings with our customers throughout project implementation. Our weekly progress reports are prepared by our project management team which report on the project status and any issue identified during project implementation. On occasions, our customers may adjust or revise our works schedule in order to accommodate the implementation of other construction works within the project site.

Progress payment from customers

We generally receive progress payments from our customers based on our works done throughout project implementation. For further details on the payment terms, please refer to the paragraph headed “Our customers — Principal terms of engagement” in this section.

Occasionally, depending on (i) the scale of the project; and (ii) the estimated costs we have to incur for the procurement of materials, we may negotiate for a prepayment with our customer under which our Group is given an advance payment normally equivalent to 10% of the total estimated contract sum, to alleviate our liquidity pressure at the preliminary stage of projects.

Customer inspection and acceptance

Upon completion of our installation works, our customers will conduct inspection and examination on our works done to ensure they comply with their quality standards, requirements and specifications. Further modifications or reworks may be required from us from time-to-time subsequent to the completion inspection.

We will receive an acceptance of specialised works inspection report (專項驗收報告) from our customers once they are satisfied with their completion inspection.

BUSINESS

Defects liability period

Subsequent to project completion, we are typically subject to a defects liability period ranging from two to five years during which we are required to rectify any defect without delay at our own cost if the defect is due to our non-conformance of works performed, or due to our negligence or failure to comply with our contractual obligation.

PROJECTS UNDERTAKEN DURING THE TRACK RECORD PERIOD

Revenue by project sectors and types of development

We undertake curtain wall works in both public and private sector projects in the PRC. Our public sector projects primarily involve building developments which are financed by government entities, state-owned enterprises and state-invested enterprises. Our private sector projects mainly involve building developments financed by private property developers.

Set forth below are descriptions of the developments for which we performed curtain wall works:

- **Infrastructure and public facilities:** mainly included infrastructure and public facilities developments such as sports centre, airport, schools and conference centre.
- **Residential:** mainly included housing and residential developments.
- **Commercial:** mainly included commercial developments such as hotels, shopping malls and office buildings.
- **Industrial:** mainly included industrial developments such as factory buildings.

The table below sets forth a breakdown of our revenue during the Track Record Period by reference to project sectors and types of development:

	FY2024			FY2025			3M2026		
	No. of projects and variation orders	Revenue	% of total revenue	No. of projects and variation orders	Revenue	% of total revenue	No. of projects and variation orders	Revenue	% of total revenue
		RMB'000	%		RMB'000	%		RMB'000	%
Private sector									
– Commercial	62	208,821	31.5	27	274,603	43.8	13	28,239	22.1
– Residential	35	127,162	19.1	14	63,776	10.1	5	12,882	10.1
– Industrial	9	19,949	3.0	7	48,120	7.7	2	96	0.1
– Infrastructure and public facilities . . .	9	7,423	1.1	3	48,107	7.7	1	9,322	7.3
Sub-total	115	363,355	54.7	51	434,606	69.3	21	50,539	39.6
Public sector									
– Infrastructure and public facilities . . .	13	41,242	6.2	3	14,937	2.4	2	45,899	36.0
– Commercial	3	173,202	26.1	2	50,321	8.0	2	29,794	23.3
– Residential	2	86,006	12.9	1	127,297	20.3	1	1,352	1.1
– Industrial	1	856	0.1	0	—	0.0	0	—	0.0
Sub-total	19	301,306	45.3	6	192,555	30.7	5	77,045	60.4
Total	134	664,661	100.0	57	627,161	100.0	26	127,584	100.0

BUSINESS

Number of projects by range of revenue recognised

For FY2024, FY2025 and 3M2026 there were 134, 57 and 26 projects which contributed a total of approximately RMB664.7 million, RMB627.2 million and RMB127.6 million to our revenue, respectively. Set out below is a breakdown of our projects based on their respective range of revenue recognised during the Track Record Period:

	FY2024	FY2025	3M2026
	<i>No. of projects</i>	<i>No. of projects</i>	<i>No. of projects</i>
Revenue recognised			
RMB50.0 million or above	3	1	0
RMB10.0 million to below RMB50.0 million	10	16	3
RMB1.0 million to below RMB10.0 million	47	22	10
Below RMB1.0 million	74	18	13
Total	134	57	26

Revenue by geographical locations of our projects

All of our projects undertaken during the Track Record Period were situated in the PRC and a majority of our revenue was generated from projects were located in the South China region particularly Guangdong Province. The table below sets forth a breakdown of our revenue by the geographical locations of our projects during the Track Record Period:

	FY2024		FY2025		3M2026	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
South China ^(Note 1)	558,927	84.1	461,853	73.6	108,332	85.0
East China ^(Note 2)	78,892	11.9	110,111	17.6	19,252	15.0
North China ^(Note 3)	26,842	4.0	55,197	8.8	—	0.0
Total	664,661	100.0	627,161	100.0	127,584	100.0

Notes:

1. South China mainly includes Henan (河南), Hubei (湖北), Hunan (湖南), Guangdong (廣東), Guangxi (廣西), Hainan (海南), Chongqing (重慶), Sichuan (四川), Guizhou (貴州), Yunnan (雲南) and Tibet (西藏).
2. East China mainly includes Shanghai (上海), Jiangsu (江蘇), Zhejiang (浙江), Fujian (福建), Anhui (安徽) and Shandong (山東).
3. North China mainly includes Beijing (北京), Tianjing (天津), Hebei (河北), Shanxi (山西), Inner Mongolia (內蒙古自治區), Jilin (吉林), Liaoning (遼寧), Heilongjiang (黑龍江), Shaanxi (陝西), Gansu (甘肅), Ningxia (寧夏), Qinghai (青海) and Xinjiang (新疆).

BUSINESS

Gross profit and gross profit margin by project sectors

The table below sets forth the gross profit and gross profit margin of our projects by private and public sector during the Track Record Period:

	FY2024		FY2025		3M2026	
	<i>Gross profit</i>	<i>Gross profit</i>	<i>Gross profit</i>	<i>Gross profit</i>	<i>Gross profit</i>	<i>Gross profit</i>
	<i>RMB'000</i>	<i>margin</i>	<i>RMB'000</i>	<i>margin</i>	<i>RMB'000</i>	<i>margin</i>
		<i>%</i>		<i>%</i>		<i>%</i>
Private sector	27,158	7.5	57,753	13.3	2,266	4.5
Public sector	66,208	22.0	21,946	11.4	13,022	16.9
Total	93,366	14.0	79,699	12.7	15,288	12.0

Our gross profit margin for public sector projects was approximately 22.0%, 11.4% and 16.9% for FY2024, FY2025 and 3M2026, respectively. The relatively higher gross profit margin of approximately 22.0% for public sector projects during FY2024 was mainly attributable to Project No. #01, being our top project for FY2024. For FY2024, Project No. #01 generated revenue of approximately RMB171.1 million, representing approximately 25.7% of our total revenue during the corresponding year. In general, our Group incurs a relatively higher cost of materials for curtain wall processing works at the early stage of a project. Given Project No. #01 had approached a relatively advanced stage in terms of project implementation in FY2024, which contributed approximately RMB52.2 million gross profit resulting in a relatively higher gross profit margin attributable to Project No. #01. The decrease in gross profit margin to 12.7% in FY2025 was primarily due to Project No. #02 entering its peak material-intensive phase. During this stage, the Group incurred substantial up-front raw material costs, which typically yield lower margins. For 3M2026, the Group incurred substantial raw material costs for Project No. #22, which typically yield lower margins.

BUSINESS

Top projects undertaken during the Track Record Period

The following table sets out the details of our top five projects for each of FY2024, FY2025 and 3M2026 in terms of revenue contribution to our Group during the respective year/period:

FY2024

Rank	Project No.	Customer <i>(Note 1)</i>	Contract sum <i>(Note 2)</i>	Project sector	Type of development	Date of commencement and completion of our works <i>(Note 3)</i>	Accumulated revenue being recognised before Track Record Period	Revenue (percentage of total revenue recognised for the year/period)						Backlog After Track Record Period
								FY2024		FY2025		3M2026		
								RMB'000	%	RMB'000	%	RMB'000	%	
1	#01	Customer A	277,938	Public	Commercial	Commencement: November 2021 Completion: January 2026	RMB'000 59,033	171,133	25.7	46,413	7.4	1,359	1.1	RMB'000 —
2	#02	Customer Group B	224,390	Public	Residential	Commencement: October 2023 Completion: March 2026	12,357	83,384	12.5	127,297	20.3	1,352	1.1	—
3	#03	Customer C	148,784	Private	Residential	Commencement: January 2023 Completion: May 2024	92,527	56,257	8.5	—	0.0	—	0.0	—
4	#04	Customer E	65,837	Private	Commercial	Commencement: May 2024 Completion: March 2026	—	31,792	4.8	33,313	5.3	732	0.6	—
5	#05	Customer K	57,232	Private	Commercial	Commencement: December 2022 Completion: May 2025	32,002	24,926	3.8	304	0.0	—	0.0	—

Notes:

- For further details on Customer A, Customer Group B, Customer C and Customer E, please refer to the paragraph headed “Our customers — Top customers” in this section. Customer K is a private company with limited liability established in the PRC in 2013 with a registered capital of RMB111.11 million, which is principally engaged in the research, development and application of defense technologies.
- The contract sum shown in the above table represents the adjusted contract sum taken into account the actual work orders on re-measurement basis and variation orders received by our Group as at the Latest Practicable Date.
- The date of completion of our works represents the practical completion of our works contracted under the relevant project. The expected completion date for a particular project is provided based on our management's best estimation. In making the estimation, our management takes into account factors including the expected completion date specified in the relevant contract (if any), the extension period granted by our customers (if any) and the actual work schedule.

BUSINESS

FY2025

Rank	Project No.	Customer ^(Note 1)	Contract sum ^(Note 2)	Project sector	Type of development	Date of commencement and completion of our works ^(Note 3)	Accumulated revenue being recognised before Track Record Period	Revenue (percentage of total revenue recognised for the year/period)				Backlog After Track Record Period		
								FY2024	FY2025	3M2026	%			
1	#12	Customer Group B	224,390	Public	Residential	Commencement: October 2023 Completion: March 2026	RMB'000 12,357	RMB'000 83,384	% 12.6	RMB'000 127,297	% 20.3	RMB'000 1,352	% 1.1	RMB'000 —
2	#16	Customer F	143,953	Private	Commercial	Commencement: September 2024 Completion: December 2026	—	21,559	3.2	49,950	8.0	— ^{Note 4}	0.0	72,444
3	#11	Customer A	277,938	Public	Commercial	Commencement: November 2021 Completion: January 2026	59,033	171,133	25.7	46,413	7.4	1,359	1.1	—
4	#17	Customer G	59,633	Private	Public facility	Commencement: December 2021 Completion: November 2024	8,091	344	0.1	43,169	6.9	— ^{Note 5}	0.0	8,029
5	#18	Customer J	51,077	Private	Commercial	Commencement: November 2025 Completion: May 2026	—	—	0.0	34,936	5.6	16,141	12.7	—

Notes:

- For further details on Customer A, Customer Group B, Customer F, Customer G and Customer J, please refer to the paragraph headed “Our customers — Top customers” in this section.
- The contract sum shown in the above table represents the adjusted contract sum taken into account the actual work orders on re-measurement basis and variation orders received by our Group as at the Latest Practicable Date.
- The date of completion of our works represents the practical completion of our works contracted under the relevant project. The expected completion date for a particular project is provided based on our management’s best estimation. In making the estimation, our management takes into account factors including the expected completion date specified in the relevant contract (if any), the extension period granted by our customers (if any) and the actual work schedule.
- In our Directors’ experience sizeable project may extend the time required for certification, particularly if a large number of other subcontractors require certification at around the same time. Therefore, there was a delay in certification and no revenue was recognised for the three months ended 31 March 2026 due to the delay in certification.
- We experienced special payment terms during the Track Record Period due to the circumstances as detailed in the sub-paragraph headed “Reasons that we accepted projects with special payment terms” in this section.

BUSINESS

3M2026

Rank	Project No.	Customer ^(Note 1)	Contract sum ^(Note 2)	Project sector	Type of development	Date of commencement and completion of our works ^(Note 3)	Accumulated revenue being recognised before Track Record Period	Revenue (percentage of total revenue recognised for the year/period)						Backlog After Track Record Period
								FY2024		FY2025		3M2026		
								RMB'000	%	RMB'000	%	RMB'000	%	
1	#09	Customer H	123,832	Public	Public facility	Commencement: January 2021 Completion: June 2026	60,625	12,770	1.9	—	0	45,879 ^{Note 4}	36.0	RMB'000 4,558
2	#10	Customer Group I	54,404 ^{Note 4}	Public	Commercial	Commencement: January 2026 Completion: ^{Note 4}	—	—	0.0	—	0.0	28,435	22.3	25,969
3	#08	Customer J	51,077	Private	Commercial	Commencement: November 2025 Completion: May 2026	—	—	0.0	34,936	5.6	16,141	12.7	—
4	#11	Customer Group B	23,381	Private	Residential	Commencement: November 2025 Completion: November 2026	—	—	0.0	13,820	2.2	9,561	7.5	—
5	#12	Customer Group D	16,947	Private	Public facility	Commencement: December 2025 Completion: October 2026	—	—	0.0	—	0.0	9,322	7.3	7,625

Notes:

- For further details on Customer Group B, Customer Group D, Customer H, Customer Group I and Customer J, please refer to the paragraph headed “Our customers Top customers” in this section.
- The contract sum shown in the above table represents the adjusted contract sum taken into account the actual work orders on re-measurement basis and variation orders received by our Group as at the Latest Practicable Date.
- The date of completion of our works represents the practical completion of our works contracted under the relevant project. The expected completion date for a particular project is provided based on our management’s best estimation. In making the estimation, our management takes into account factors including the expected completion date specified in the relevant contract (if any), the extension period granted by our customers (if any) and the actual work schedule.
- Subsequent to original completion of the construction of the facility in 2024, additional curtain wall works were required from us leading to a supplemental agreement entered into in September 2025. Accordingly, we did not generate revenue for this project in FY2025 but generated revenue in 3M2026.

BUSINESS

Backlog

The following table sets out movement in the number of our projects during the Track Record Period and up to the Latest Practicable Date:

	FY2024	FY2025	3M2026	From 1 April 2026 up to Latest Practicable Date
Opening number of projects <i>(Note 1)</i>	38	52	48	38
Add: Number of new projects awarded to us <i>(Note 2)</i>	33	26	7	4
Less: Number of projects completed <i>(Note 3)</i>	(19)	(30)	(17)	—*
Ending number of projects <i>(Note 4)</i>	52	48	38	42

* Assume no project completed for the period.

Notes:

1. Opening number of projects means the number of awarded projects which were not completed as of the beginning of the relevant year/period indicated.
2. Number of new projects means the number of new projects awarded to us during the relevant year/period indicated. For purposes of the above calculation, projects which are extended due to variations orders occurring after the previous expected completion date are included as new projects.
3. Number of projects completed means the number of projects which are practically regarded as completed.
4. Ending number of projects is equal to the opening number of projects plus number of new projects minus number of projects completed during the relevant year/period indicated.

The following table sets out the movement in the value of backlog of our projects during the Track Record Period and up to the Latest Practicable Date:

	FY2024	FY2025	3M2026	From 1 April 2026 up to Latest Practicable Date
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Opening value of backlog as at the beginning of the relevant year/period .	701,641	754,620	440,997	770,166
Add: Total value of variation orders, original estimated contract sum of projects awarded <i>(Note 1)</i> and actual work orders received on re-measurement basis	717,640	313,538	456,753	250,861
Less:				
Total revenue recognised during the relevant year/period	(664,661)	(627,161)	(127,584)	—*
Ending value of backlog to be carried forward to next year/period <i>(Note 2)</i>	754,620	440,997	770,166	1,021,027

* Assume no revenue derived for the period.

BUSINESS

Notes:

1. Total value of original estimated contract sum of projects awarded means the original estimated contract sum of new projects awarded.
2. Ending value of backlog means the portion of the total estimated revenue that has not been recognised with respect to our projects which had not been completed as at the end of the relevant year/period indicated.

Please refer to the paragraph headed “Business strategies — Competing for curtain wall projects and expanding our market share” in this section for the reasons of the decrease in number of projects awarded to our Group and the decrease in our project backlog value from FY2024 to FY2025.

We estimate that the total revenue to be recognised up to the year from our backlog of projects remaining as at the Latest Practicable Date is as follows:

	From 1 April 2026 to 31 December 2026	FY2027	After FY2027
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Estimated revenue to be recognised	490,873	415,734	114,420

Note:

The estimated revenue to be recognised from our existing backlog for each of the above year/period was determined by our executive Directors having considered (i) the original contract sum of our existing backlog of projects and variation orders for such projects received up to the Latest Practicable Date less revenue recognised up to the Latest Practicable Date; and (ii) when our works should be practically completed with reference to the expected completion date specified in the relevant contract (if any), the initial work schedule or based on communications with our customers. Accordingly, the revenue recognised for each of the above year/period may change due to the progress of such projects and changes in project requirements (such as due to subsequent variation orders).

BUSINESS

PROJECTS ON HAND

As at the Latest Practicable Date, our Group had 42 projects on hand (representing projects that have commenced but not completed as well as projects that have been awarded to us but not yet commenced). The following table sets out the details of our top five projects on hand as at the Latest Practicable Date in terms of estimated revenue to be recognised after the Track Record Period:

Project No.	Customer ^(Note 1)	Contract sum (Note 2)	Project sector	Type of development and type of infrastructure/ building involved	Date of commencement and completion of our works ^(Note 3)	Revenue recognised during the Track Record Period			Estimated revenue recognized to be recognized during	
						FY2024	FY2025	31/12/2026	During the nine months ended 31 December 2026	After FY2027
						RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
New 1	Customer O	330,143	Private	Residential	Commencement: June 2026 Completion: April 2028	—	—	—	51,543	245,280
New 2	Customer Group B	154,734	Public	Public facility	Commencement: January 2027 Completion: December 2028	—	—	—	—	86,566
New 3	Customer P	110,092	Public	Commercial	Commencement: October 2025 Completion: December 2026	—	3,908	—	106,184	—
New 4	Customer Group B	94,355	Private	Public facility	Commencement: January 2027 Completion: December 2028	—	—	—	—	81,423
New 5	Customer Q	81,193	Private	Commercial	Commencement: January 2026 Completion: December 2026	—	—	—	81,193	—
Other projects ^(Note 3)						664,661	623,253	127,584	251,953	2,465
Total:						664,661	627,161	127,584	490,873	415,734

Notes:

- Customer O is a private limited liability company established in the PRC in 2008 and principally engaged in real estate development and operation, property investment and building materials trade. Customer P is a private limited liability company established in the PRC in 2005 and principally engaged in engineering design, technical consulting and engineering management in the field of transportation infrastructure. Customer Q is a private limited liability company established in the PRC in 2010 and principally engaged in real estate development, industrial investment and property leasing. For further details on Customer Group B, please refer to the paragraph headed “Our customers — Top customers” in this section.

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2. The contract sum shown in the above table represents the adjusted contract sum taken into account actual work orders on re-measurement basis and variation orders received by our Group as at the Latest Practicable Date. In case of newly awarded project, this amount is based on the letter of award.
3. The expected completion date for a particular project is provided based on our management’s best estimation. In making the estimation, our management takes into account factors including the expected completion date specified in the relevant contract (if any), the extension period granted by our customers (if any) and the actual work schedule.
4. Other projects represent our remaining 37 on-going projects as at the Latest Practicable Date.

OUR CUSTOMERS

Characteristics of our customers

During the Track Record Period, we were mainly engaged by the main contractor or the project owner of a project. During the Track Record Period, all of our customers were located in the PRC and our revenue was denominated in RMB.

Principal terms of engagement

We undertake curtain wall works on a project-by-project basis. Our executive Directors consider such contract is in line with the curtain wall industry practice in the PRC. Our customers generally confirm our engagement by issuing a letter of award or entering into a formal contract with us. The principal terms of our engagement with customers are summarised as follows:

Scope of works

The contracts normally set out the scope of services to be carried out by our Group and other project specifications or requirements. Our customers generally require us to complete our works within a specified period and in accordance with their specified work schedule.

Duration

The contract usually specifies the commencement date and duration of the project implementation, typically ranging from six months to five years, subject to extension granted by the customers where necessary.

Contract sum

During the Track Record Period, our contracts with customers are mainly on re-measurement basis. Our contract generally specifies an estimated contract sum based on the agreed unit rates and the estimated quantities of work items. The actual amount of works to be carried out by us under our contract is subject to our customer’s instructions or orders placed during the contract period and the total actual value of work done may be different from the original estimated contract sum stated in the contract. Our customers will measure the actual quantities of works performed by us and our Group will be paid based on the stage of completion of the contract using output method, i.e. based on surveys of the relevant services completed by our Group to date with reference to the certificate issued by our customers. To a lesser extent and depending on our negotiations with customers, we may also be engaged by our customers based on a lump sum fixed price.

BUSINESS

Payment terms

Save for the circumstances where specific milestones are stipulated in our contract terms and we would only be allowed to bill our customers by stages upon reaching specific milestones, our Group generally submits progress payment application to our customers on a monthly basis with reference to the amount of works completed by us. Upon receiving our payment application for progress payments, our customers will examine and certify our works. Upon the certification of our payment applications by customers, we would then issue an invoice to our customers and be entitled to request for progress payments. Subject to and depending on the terms of the contract, our customers generally withhold 20% to 30% of the project progress payment before settlement audit. According to the Industry Report, such contract is in line with industry practice. Depending on the contract terms, the majority of the withheld sum is released to us upon completion of our works to the satisfaction of our customers or project owners and/or upon confirmation of the settlement audit.

Upon completion of our works and confirmation of the settlement audit, we are generally entitled to the payment of up to 95% to 97% of the final settlement amount. Our customers typically withhold 3% to 5% of the final settlement amount, as retention money, to be released in instalments during the defects liability period or paid in full upon expiry of the defects liability period.

We closely monitor the payments from our customers and conduct follow-up actions including active communications, conducting follow up calls with the customers and commencing legal actions (for further details of our credit risk management, please refer to the paragraph headed “Risk management and internal control systems — (iii) Credit risk management” in this section). For FY2024, FY2025 and 3M2026, our average turnover days of trade receivables and contract assets was approximately 306.0 days, 329.3 days and 466.8 days, respectively.

Occasionally, depending on (i) the scale of the project; and (ii) the estimated costs we have to incur for the procurement of materials, we may negotiate for a prepayment from our customer under which our Group is given an advance payment normally equivalent to 10% of the total estimated contract sum, to alleviate our liquidity pressure at the preliminary stage of projects. Depending on the terms of engagements, our customers may directly settle the wages of the site workers deployed by us and our subcontractors.

Our contract generally includes a raw material price adjustment mechanism which allows for adjustment to the unit rate of materials in the event the market price of any major materials required in our project experiences price fluctuations of more than a prescribed percentage with reference to its market price published by PRC Government authority or other industry recognised institutions.

BUSINESS

Progress billing to customers

Generally, according to the construction contracts entered into between our Group and the customers, we are entitled to bill the customers based on the following:

- (i) During the project implementation phase, unless there are specific milestones stipulated in the relevant contracts, the progress billable amount is based on a progress billable percentage, generally ranging from 70% to 85%, of the total value of the work performed, as stipulated in the relevant construction contract.
- (ii) If specific milestones are stipulated in the contracts, generally speaking, we are able to start billing at an agreed percentage, generally ranging from 70% to 85%, of the total value of work performed upon achieving the relevant milestone. The billable percentages may vary upon reaching different milestones and typical milestones stipulated in construction contracts include (i) the completion of the foundation works and/or the basement of the buildings; (ii) the completion of the main structure and/or the roofing of the buildings; and (iii) the removal of exterior frames of the buildings.
- (iii) After the completion and acceptance (including the settlement audit), the total billing amount that we are entitled to make billing to our customers (on an accumulative basis) is generally up to 95% to 97% of the final settlement value (i.e. the finalised total value of work after the settlement audit). The remaining 3% to 5% will be retained by our customers as retention money for a warranty period which generally lasts for one year to two years after the completion and acceptance of the project.

It is the general case that the construction projects undertaken by our Group normally have a range of 70% to 85% progress billable percentage. According to the Industry Report, the percentage of performed work that can be billed to customers out of all work performed before settlement audit is comparable to those of our industry peers and our Group's billing process and the timing of billing were comparable to those of our industry peers on the basis that (i) payments for the construction services are generally made upon achieving key milestones set forth in the construction services contracts; and (ii) the industry peers are generally entitled to bill the customers 50% to 90% of the total amounts of the work performed during the performance of the construction works before the settlement audit.

Thus, our Directors are of the view that the payment terms of our Group's projects were reasonable and in line with those adopted by our industry peers.

Reasons that we accepted projects with special payment terms

There are certain occasions that may lead to our Group undertaking some projects with special payment terms with substantial upfront project cost to be incurred with little or no prepayment or progress payment from the customer in the early stage of the project or with lower progress billable percentages.

Therefore, for some relatively large-scale projects or public projects or projects with higher profitability, we may undertake these projects even if the construction project stipulated some special payment terms (i.e. substantial upfront project cost to be incurred with little or no prepayment or progress payment from the customer in the early stage of the project or with lower progress billable percentages) after considering, among other things, (i) the benefit to our reputation and market position after undertaking the projects in particular for satisfying the stringent qualification and scoring

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requirements typical of the “Comprehensive Evaluation Method” (綜合評分法) for public procurement; (ii) the expected profitability to the project; and (iii) the impact to the financial and liquidity position of our Group. For example, we experienced special payment terms during the Track Record Period for Project #7.

Special circumstances of Project #07

Project #07 is an educational infrastructure development located in Longgang District, Shenzhen. The project scope covers the comprehensive decorative outfitting and renovation of 15 buildings, including teaching blocks, offices, dormitories, and canteens, with a total land area of 33,601.13 square meters and a gross construction area of 44,727.23 square meters. Constructed as a concrete framework structure, the buildings feature a maximum height of four storeys above ground and one storey underground.

This project featured a zero prepayment. The Group was required to complete at least 40% of the construction works before becoming entitled to apply for first progress payments at a rate of 70% of the value of work completed in each month, subject to a cumulative cap of 70% of the contract sum. The remaining 30% of the contract value was designated as deferred balances, in which 15% was payable in the second natural month after the school reopened, 10% in the second natural month after the start of the next semester, and the final 5% was held as a warranty retention sum to be released upon the expiration of the defect liability period.

Despite the requirement to fund a substantial portion of the contract costs upfront before reaching the first payment milestone, our Directors determined that undertaking this project was highly beneficial to the Group. This evaluation was guided by several key factors: (i) delivering a comprehensive school renovation across 15 separate structures showcased our multidisciplinary construction management and fast-track execution capabilities; and (ii) the tight 150-day schedule offered a rapid contract turnaround, minimizing prolonged cash tie-ups.

Therefore, our Directors considered it reasonable to accept these special billing terms. The Group’s liquidity reserves were sufficient to absorb the initial construction outlays, and the project has served as an opportunity to demonstrate our capability in the rapidly growing educational facilities sector in Shenzhen.

Insurance

Depending on the contract terms under our contract with customers, we may be required to take out project insurance, contractors’ all risk insurance, construction accident insurance and third-party accidental injury insurance.

Procurement of materials

We are generally responsible for the procurement of materials such as glass, steel, aluminum, stone and hardware materials required in the project. Depending on the contract terms with our customers, we are generally required to procure materials with designated brands, specifications and/or quality standards. We typically purchase materials from our internal list of approved suppliers.

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Defects liability period

Subsequent to project completion, we are typically subject to a defects liability period during which we are required to rectify any defect without delay at our own cost if the defect is due to our non-conformance of works performed, or due to our negligence or failure to comply with our contractual obligation.

Variation orders

A variation order is usually placed by way of a purchase order by our customers describing the detailed works to be performed under such variation order. A variation order may vary the original scope of work. Our customers may request additional or alteration of works beyond the scope of the contract during project implementation. Where the works under the variation order are the same or similar to the works prescribed in the contract, the rate of the works under the variation order usually accords with that of the contract. If there are no equivalent or similar items under the contract for reference, we will further agree on the rates with our customers.

Performance guarantee

Depending on the contract terms, our customers may require us to provide performance guarantee in the form of (a) a letter of guarantee issued by financing institutions in the PRC; or (b) placing a cash deposit with our customers in an amount not exceeding 10% of the original estimated contract sum. It serves to secure our due and timely performance of work and compliance with the contract. If we fail to perform according to the requirements in the contract, our customer would be entitled to the guaranteed compensation for any monetary loss up to the amount of the performance guarantee. Our performance guarantee is generally discharged upon the issue of acceptance of specialised works inspection report (專項驗收報告) by our customers.

Liquidated damages

Liquidated damages clause may be included in the contracts to protect our customers against late completion of work. We may be liable to pay liquidated damages to our customers if we are unable to deliver or perform the contractual works within the time specified in or in accordance with the contract. Liquidated damages are generally calculated on the basis of a fixed sum per day.

Project with material delay

During the Track Record Period and up to the Latest Practicable Date, Project No. #10, a public sector industrial park project with a contract sum of approximately RMB54.4 million, being our second largest revenue generating project for 3M2026 experienced a material delay. On 1 May 2026, we received a notice from the customer on a temporary suspension of works for such project. Based on the confirmation from the customer dated 5 June 2026, (i) the reason was due to expansion of the area of the project; and (ii) it is the estimated works will resume in fourth quarter of 2026. As the material delay was due to the design changes noted above which was not due to defects in our work, we will apply for the costs, and additional expenditures incurred by us due to the delay of this project and we did not incur any liquidated damages in relation to the delay.

Except as stated above, the Directors confirmed that we are not aware of any other project cancellations, material delay, cost overruns or loss-making projects during the Track Record Period.

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Top customers

For FY2024, FY2025 and 3M2026, the percentage of our total revenue attributable to our top customer for each year/period during the Track Record Period amounted to approximately 25.7%, 24.2% and 36.0% for the respective year/period, while the percentage of our total revenue attributable to our top five customers for each year/period during the Track Record Period combined amounted to approximately 59.8%, 60.6% and 88.0% for the respective year/period. The following tables set forth the information of our top five customers for each year/period during the Track Record Period:

FY2024

Rank	Customer ^{Note}	Year of commencement of business relationship	Typical credit terms and payment method	Revenue derived from the customer	
				RMB'000	%
1	Customer A	2021	365 days; by bank transfer	171,133	25.7
2	Customer Group B	2023	365 days; by bank transfer	83,384	12.5
3	Customer C	2022	365 days; by bank transfer	56,257	8.5
4	Customer Group D	2011	365 days; by bank transfer	54,853	8.3
5	Customer E	2024	365 days; by bank transfer	31,792	4.8
Top five customers combined				397,419	59.8
All other customers				267,242	40.2
Total revenue				664,661	100.0

FY2025

Rank	Customer ^{Note}	Year of commencement of business relationship	Typical credit terms and payment method	Revenue derived from the customer	
				RMB'000	%
1	Customer Group B	2023	365 days; by bank transfer	151,568	24.2
2	Customer Group D	2011	365 days; by bank transfer	89,033	14.1
3	Customer F	2024	365 days; by bank transfer	49,950	8.0
4	Customer A	2021	365 days; by bank transfer	46,413	7.4
5	Customer G	2021	365 days; by bank transfer	43,169	6.9
Top five customers combined				380,133	60.6
All other customers				247,028	39.4
Total revenue				627,161	100.0

3M2026

Rank	Customer ^{Note}	Year of commencement of business relationship	Typical credit terms and payment method	Revenue derived from the customer	
				RMB'000	%
1	Customer H	2021	365 days; by bank transfer	45,879	36.0
2	Customer Group I	2020	365 days; by bank transfer	28,435	22.3
3	Customer J	2025	365 days; by bank transfer	16,141	12.7
4	Customer Group B	2023	365 days; by bank transfer	10,913	8.6
5	Customer Group D	2011	365 days; by bank transfer	10,857	8.4
Top five customers combined				112,225	88.0
All other customers				15,359	12.0
Total revenue				127,584	100.0

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Note:

Further information on our top customers

Customer A

Customer A represents a property developer, being subsidiary of a PRC enterprise with mixed state and private ownership listed on the Shenzhen Stock Exchange and the Main Board of the Stock Exchange (“**Customer A Holdco**”). According to its latest annual report, Customer A Holdco and its subsidiaries are principally engaged in development and sale of properties in the PRC. The total revenue and the net loss of Customer A Holdco amounted to approximately RMB233.4 billion and RMB91.8 billion, respectively, for the year ended 31 December 2025. The net asset of Customer A Holdco amounted to approximately RMB235.9 billion as at 31 December 2025. Customer A Holdco ranked 319th on the 2025 Fortune Global 500 and 79th on the 2025 Fortune China 500. Based on publicly available information, Customer A Holdco is held as to approximately 27.18% by Customer Group B Holdco as at 31 December 2025.

Customer Group B

Customer Group B includes a large-scale state-owned proprietary enterprise established in 1998 and under the direct control of the Shenzhen State-owned Assets Supervision and Administration Commission (“**Customer Group B Holdco**”) and its subsidiaries. Customer Group B is principally engaged in metro constructions, rail operations, property development, commercial operations, property management, engineering investigations and design, etc. According to the latest annual report of Customer Group B Holdco, its total revenue and the net loss for the year ended 31 December 2025 amounted to approximately RMB21.2 billion and RMB37.2 billion, respectively. The net assets of Customer Group B amounted to approximately RMB285.1 billion as at 31 December 2025.

Customer C

Customer C is a private limited liability company established in the PRC in 2013. Customer C is based in Shenzhen and has a registered capital of RMB500.0 million. Customer C is a property developer principally engaged in real estate development in the PRC. Customer C is a wholly-owned subsidiary of a real estate development group in the PRC which is in turn owned as to 40%, 25%, 20% and 15% by four individuals who are independent third parties, respectively. There is no publicly available information in relation to the financial standing or financial performance of Customer C.

Customer Group D

Customer Group D includes subsidiaries of a PRC state-owned enterprise listed on the Shanghai Stock Exchange (“**Customer Group D Holdco**”). Customer Group D Holdco and its holding company have four subsidiaries and one associated company listed on the Main Board of the Stock Exchange, and two subsidiaries listed on the Shenzhen Stock Exchange. According to its latest annual report, Customer Group D Holdco and its subsidiaries are principally engaged in housing construction engineering, infrastructure construction and investment, real estate development and investment and survey and design worldwide. The total revenue and the net profit of Customer Group D Holdco amounted to approximately RMB2,082.1 billion and RMB53.6 billion, respectively, for the year ended 31 December 2025. The net asset of Customer Group D Holdco amounted to approximately RMB491.6 billion as at 31 December 2025. The holding company of Customer Group D Holdco ranked 16th on the 2025 Fortune Global 500 and 4th on the 2025 Fortune China 500.

Customer E

Customer E is a private limited liability company established in the PRC in 2007. Customer E is based in Guangdong Province and has a registered capital of RMB1,250.0 million. Customer E is a construction contractor principally engaged in project design and construction of properties in the PRC.

Customer F

Customer F is a private limited liability company established in the PRC in 2019. Customer F is based in Shaanxi Province and has a registered capital of RMB350.0 million. Customer F is a construction contractor principally engaged in development and construction of properties in the PRC. Customer F is a wholly-owned subsidiary of an independent third party enterprise (the “**Customer F Holdco**”) which mainly engages in the processing of fuel products, as well as property development and construction in the PRC. Customer F Holdco ranked 133rd on the China’s Top 500 Private Enterprises in 2025 (2025中國民營企業500強) published by the All-China Federation of Industry and Commerce (中華全國工商業聯合會), with an operating revenue of approximately RMB79.5 billion.

Customer G

Customer G is a private limited liability company established in the PRC in 2020. Customer G is based in Shenzhen and has a registered capital of RMB160.0 million. Customer G is principally engaged in investment in education and property management services for schools and campuses in the PRC.

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Customer H

Customer H is a subsidiary of a joint stock company with limited liability established in the PRC in 2006 (“**Customer H Holdco**”), whose A shares on Shanghai Stock Exchange and H shares on the Main Board of the Stock Exchange. Customer H and its subsidiaries are principally engaged in infrastructure construction, infrastructure design and dredging businesses. According to the latest annual report of Customer H Holdco, its total revenue and the net profit for the year ended 31 December 2025 amounted to approximately RMB726.6 billion and RMB21.1 billion, respectively. The net assets of Customer H Holdco amounted to approximately RMB467.9 billion as at 31 December 2025.

Customer Group I

Customer Group I includes subsidiaries of a joint stock company with limited liability established in the PRC in 2007 (“**Customer Group I Holdco**”), whose A shares on Shanghai Stock Exchange and H shares on the Main Board of the Stock Exchange. Customer Group I are principally engaged in infrastructure construction, survey, design and consulting services, engineering equipment and component manufacturing, property development, mining and merchandise trading, financial trust management, comprehensive financial services and insurance agent. According to the latest annual report of Customer Group I Holdco, its total revenue and the net profit for the year ended 31 December 2025 amounted to approximately RMB1,093.5 billion and RMB26.3 billion, respectively. The net assets of Customer Group I amounted to approximately RMB540.5 billion as at 31 December 2025.

Customer J

Customer J is a private limited liability company established in the PRC in 1979. Customer J is based in Guangdong Province and has a registered capital of RMB151.38 million. Customer J is a construction contractor principally engaged in building construction, municipal public works, foundation engineering, steel structure engineering and related projects in the PRC.

None of our Directors, their close associates or any Shareholders who owned more than 5% of the number of issued shares of our Company as at the Latest Practicable Date had any interest in any of the top five customers of our Group for each year/period during the Track Record Period. Our Directors further confirmed that, to their best knowledge after making reasonable enquiries, save for the transactions conducted in the ordinary course of business, there is no past or present relationship (including, without limitation, financing, family, employment, trust or otherwise) between our Group and each of our top five customers for each year/period during the Track Record Period, their respective substantial shareholders, directors or senior management, or any of their respective associates.

Based on public available information knowledge and belief of our executive Directors, none of our top five customers for each year/period during the Track Record Period that are property developers is currently subject to winding-up petition or order.

PRICING STRATEGY

Our pricing is generally determined based on certain mark-up over our estimated costs. We estimate our costs to be incurred in a project to determine our tender price and there is no assurance that the actual amount of costs incurred by us would not exceed our estimation during project implementation. Please refer to the section headed “Risk factors — Any material inaccurate cost estimation or cost overruns may adversely affect our financial results” in this document for further details of the associated risks in this regard.

The tender documents provided by our customers may prescribe a ceiling price of tender based on a list of items and works for the completion of the project. As an industry practice, our tender price is usually set below such ceiling price of tender. Our tender pricing is determined on a case-by-case basis having regard to various factors, which generally include (i) the scope of services; (ii) the complexity of the project; (iii) the price trend of the types of materials, subcontracting services and machinery rental services required; (iv) our available production capacity; (v) completion time requested by customers; and (vi) the availability of our labour and financial resources.

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The percentage of mark-up that we set over the estimate cost may vary from project to project due to factors such as (i) the scale, duration, sector and social prominence of the project; (ii) any possible positive effect brought by the project to our Group’s reputation in the curtain wall industry; (iii) years of business relationship with the customer; (iv) credit history and financial track record of the customer; (v) the prospect of obtaining future contracts from the customer; (vi) the likelihood of any material deviation of the actual cost from our estimation having regard to the price trend of key cost components; and (vii) the prevailing market conditions.

SALES AND MARKETING

As at 31 March 2026, our business department was staffed with five personnel. Our business department is responsible for identifying potential projects through open tenders and invitation for tender from customers, keeping track of government websites and other tendering platforms to identify projects suitable for tender, maintaining customer relationships, handling public relations, conducting evaluation on our customers, conducting market research and formulating our overall sales and marketing policy.

Our Directors consider that due to our proven track record and our relationship with existing customers, we are able to leverage our existing customer base and our reputation in the curtain wall industry in the PRC, such that we do not rely heavily on marketing activities other than promoting our Group through our corporate website as well as liaising with existing and potential customers from time to time for relationship building and management.

Seasonality

Our Directors believe that the curtain wall industry in the PRC does not exhibit any significant seasonality as curtain wall projects take place throughout the year in the PRC based on the experience of our Directors.

OUR PRODUCTS

Curtain walls are non-load bearing building facades consisting of a mix of lightweight materials such as aluminum, glass, steel and stone hung on the structure of a building and designed to provide a building’s exterior with enhanced aesthetic appeal, improve energy efficiency and protect against external environmental factors such as wind, water, dirt, heat, coldness, noise and light. We supply different types of curtain wall including aluminum, glass, steel and stone curtain wall as well as ancillary articles including metal roof, exterior doors and windows and light-structural steel works which all form parts of the building facade as a combination for a lump sum fee under our projects.

According to the Industry Report, the PRC Government has increasingly emphasised sustainable development, energy efficiency and reduction in carbon emissions in the building sector, with green buildings accounting for over 98% of new urban construction area in 2025. In response to the PRC Government’s policy initiatives and industry trends, we are committed to developing new curtain wall products that are eco-friendly and energy-saving. Our curtain wall products are designed with sustainable materials, self-cleaning properties, enhanced thermal insulation, reduced carbon footprints and photovoltaic features.

We also apply nano self-cleaning coating on our curtain wall products as a value-added service. The nano self-cleaning coating technique creates a self-cleaning surface that significantly reduces maintenance costs and enhances longevity. The nano self-cleaning coating effectively breaks down pollutants and prevents the adhesion of dirt, resulting in cleaner and more aesthetically appealing building facades. It also reduces the frequency and effort required for manual cleaning, leading to lower water consumption, chemical usage and carbon emissions associated with building façade maintenance.

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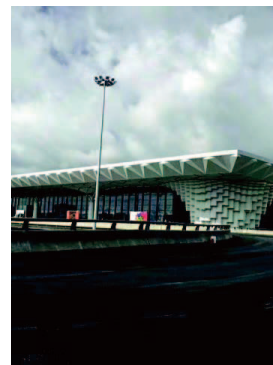
The table below illustrates the major types of curtain wall and ancillary articles offered by our Group:



Aluminum curtain wall



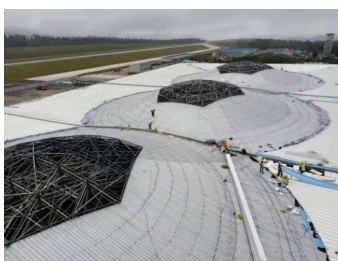
Glass curtain wall



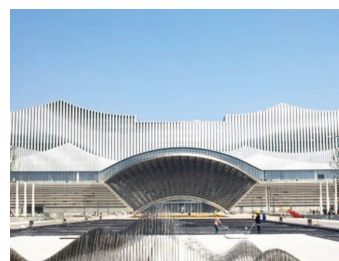
Steel curtain wall



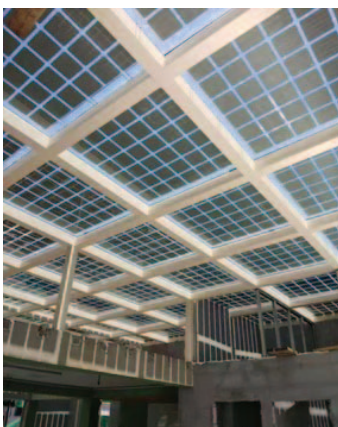
Stone curtain wall



Metal roof



Light-structural steel works



Photovoltaic curtain walls

PRODUCTION FACILITY

By late 2022, our Group relocated our operation from the previous production facility located at Guling, Shiwei Village, Sanhe Economic Development Zone, Huiyang District, Huizhou City, Guangdong Province, the PRC* (中國廣東省惠州市惠陽區三和經濟開發區拾圍村古嶺) to our current production facility located at Shangmeihu Village, Qilian Management District, Huizhou City, Guangdong Province, the PRC* (中國廣東省惠州市七聯管理區上梅湖村) in order to enlarge the storage space for our raw materials, work-in-progress and finished curtain wall products. We operate

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our production facility for processing customised curtain wall products and ancillary articles including metal roof, exterior doors and windows and light-structural steel works with a production volume of up to 944,500m² annually.

Our principal machinery used for processing works mainly include milling machines (銑床), cutting machines (切割機), gluing machines (注膠機) and bending machines (折彎機). Our machinery is well-equipped to be used for processing curtain wall products of different sizes, dimensions and specifications. Generally, their expected physical life is ten years and age ranges from five to ten years. We conduct regular maintenance of our machineries and equipment. For the depreciation method of our machineries and equipment, please refer to the Note 15 to the Accountants’ Report of our Group set out in Appendix I to this document. As at the Latest Practicable Date, the principal machinery that was owned and used by our Group at our production facility is set out as follows:

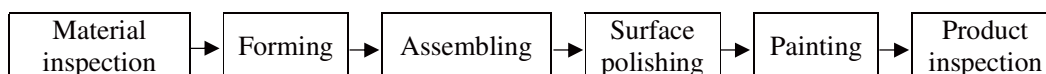
Type of machinery	Principal functions	Number of units
 Milling machines (銑床)	Mainly used for precision milling of metal materials such that they can be assembled tightly and aesthetically.	3
 Cutting machines (切割機)	Mainly used for precision cutting and processing of materials into different dimensions.	6
 Gluing machines (注膠機)	Mainly used for forming the mixture of structural adhesive glue.	3

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Type of machinery	Principal functions	Number of units
 Bending machines (折彎機)	Mainly used for bending and shaping of materials.	1

Processing procedures

The following chart illustrates the major processing procedures of our curtain wall products:



<i>Material inspection</i>	—	We conduct inspection and testing on the materials on a sampling basis upon their delivery to our production facility.
<i>Forming</i>	—	We form the materials into predetermined shapes and dimensions through cutting, trimming, bending and levelling.
<i>Assembling</i>	—	We assemble the materials with other components through gluing and welding.
<i>Surface polishing</i>	—	We conduct surface polishing to remove the imperfections such as creases and scratches on the surface of the semi-finished products.
<i>Painting</i>	—	Depending on the requirements of the customers, painting may be performed on our products.
<i>Product inspection</i>	—	Upon completion of the processing procedures, our production staff will carry out quality inspection on the final products. The final products will be packaged and wrapped by protective materials and delivered to the relevant construction site for installation.

Utilisation rates

The table below sets forth the maximum production capacity, actual production volume and utilisation rate of our production facility for each year/period during the Track Record Period:

	FY2024	FY2025	3M2026
Maximum production capacity (m^2) ^(Note 1) . . .	944,500	944,500	211,050
Actual production volume (m^2)	845,586	728,635	137,964
Utilisation rate (%) ^(Note 2)	89.5	77.2	65.4

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Notes:

1. Maximum production capacity is determined and calculated by multiplying the daily maximum production capacity and the applicable number of days of machinery operation during the year/period, taking into account our staff holidays and public holidays.
2. Utilisation rate is calculated by dividing actual production volume by maximum production capacity for the relevant year/period.

Our Directors consider that the utilisation rate of our production facility is affected by a number of factors including the quantity of curtain wall required, technical requirements and specifications, status of repair and maintenance of our machinery and production schedule. For projects located outside Guangdong Province, we may engage third-party suppliers near the project sites to process curtain wall products and ancillary items. This approach improves logistics efficiency, minimises transportation costs, and enhances our flexibility in meeting project schedules. However, this outsourcing practice diverts production volume from our own facility, thereby lowering our in-house utilisation rate. As a result, the utilisation rate of our production facility in 3M2026 was substantially lower than in FY2024 and FY2025.

Repair and maintenance

Our production department carries out regular inspection, cleaning, repair and maintenance of our machinery to enhance their useful lives and to maintain production efficiency and high-quality control standards. We also conduct major annual maintenance work and engage external mechanics to carry out repair and maintenance on our machinery on an as-needed basis. We did not experience any material or prolonged interruptions to our processing procedures due to machinery failure or breakdown during the Track Record Period and up to the Latest Practicable Date.

OUR SUPPLIERS

Suppliers of goods and services which are specific to our business and are required on a regular basis to enable us to continue carrying on our business mainly include (i) suppliers of materials such as glass, steel, aluminum, stone and hardware materials; (ii) subcontractors of site works; (iii) suppliers of machinery rental services; and (iv) suppliers of other miscellaneous services such as testing and transportation services.

The table below sets forth a breakdown of our total purchase, which represents our cost of sales excluding direct labour costs and depreciation, during the Track Record Period by type of goods and services provided by our suppliers:

	FY2024		FY2025		3M2026	
	RMB'000	%	RMB'000	%	RMB'000	%
Materials	328,035	58.4	364,855	67.7	67,001	61.1
Subcontracting fee	220,306	39.2	163,554	30.3	39,065	35.6
Rental of machinery.	7,035	1.3	4,535	0.8	884	0.8
Others ^(Note)	6,171	1.1	6,266	1.2	2,667	2.5
Total.	561,547	100.0	539,210	100.0	109,617	100.0

Note: Others mainly included testing and transportation services.

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Please refer to the section headed “Financial information — Principal components of results of operations — Sensitivity analysis” in this document for a discussion of the fluctuation in our purchases from our suppliers and subcontractors during the Track Record Period as shown in the above table as well as the relevant sensitivity analysis in this connection. Our Directors confirm that our Group did not experience any material shortage or delay in the supply of materials and/or services during the Track Record Period and up to the Latest Practicable Date.

We may obtain pre-bid quotations from our suppliers and/or subcontractors in making our cost estimation during the tender phase. We may negotiate on the pricing and contract terms with them after we are awarded with the projects. Our Directors consider that we are generally able to pass on the increase in purchase costs to our customers because (i) we estimate the overall costs to be incurred by us in a project when determining our tender price; and (ii) our contract with customers generally includes a raw material price adjustment mechanism which allows for adjustment to the unit rate of materials in the event the market price of any major materials required in our project experiences price fluctuations.

Our Group generally maintains multiple suppliers and subcontractors for materials and services to avoid over-reliance on a few suppliers and subcontractors and our Directors confirmed that we did not experience any material difficulties in sourcing materials from suppliers or engaging subcontractors during the Track Record Period.

Suppliers of materials

During the Track Record Period, all of our suppliers of materials were located in the PRC and our purchases were denominated in RMB. The major types of materials sourced by us included glass, steel, aluminum, stone and hardware materials. We generally enter into framework supply contract with our suppliers on a project by project basis. During the contract term of the framework supply contract, we are entitled to place purchase orders with the supplier for procurement of materials at the specified pre-agreed unit price, which allows us to mitigate the risk arising from abrupt increase in market price of materials.

The table below sets forth the salient terms of the framework supply contract entered into with our suppliers of materials:

Product description	:	The framework supply contract generally set out the brand, model, as well as other specifications and requirements of the materials to be supplied by our suppliers.
Pricing	:	The framework supply contract generally set out the unit price for each type of product. We are not bound by any minimum purchase commitment under the framework supply contract. The actual volume of materials purchased is subject to the purchase orders placed by us during the contract period, which are charged according to the unit price provided in the framework supply contract.

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Delivery	:	Our suppliers are responsible for the transportation of products to our designated place on or before the date as stipulated in the purchase orders. The transportation costs and other related expenses are borne by our suppliers.
Quality requirements	:	The products provided by our suppliers shall comply with the national and/or industrial quality standards as well as packaging requirements specified in the framework supply contract. We require our suppliers to provide us with product certification, quality inspection report and warranty certificate for each batch of product delivery. Any materials that fail to comply with the specifications or standards provided in the purchase order will be returned to the suppliers for replacement.
Price adjustment mechanism	:	The unit price of materials set forth in the framework supply contract may be adjusted in the event their market prices increase by more than a prescribed percentage according to industry recognised institutions.

Subcontractors of site works

We engage subcontractors to perform curtain wall assembly and installation at the construction sites on a project-by-project basis. We have neither entered into long-term contract nor committed to any minimum purchase amount with our subcontractors. The table below sets forth the salient terms of our subcontracting contract:

Scope of services	:	The subcontracting contract generally set forth the scope of services to be provided by our subcontractors. We require our subcontractors to complete the curtain wall assembly and installation works according to our customers’ specifications, drawings and requirements.
Subcontracting fees	:	The subcontracting contract are mainly on re-measurement basis, under which the final contract sum is determined based on the agreed unit rates of each item set out in the bill of quantities or schedule of rate and the actual quantities of work done.

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- Payment terms : Depending on the terms of engagements, we may grant advance payment to our subcontractors. Our subcontractors are required to submit progress payment application to us setting out the details of the completed work on a monthly basis. Upon receiving the progress payment application, we would examine and certify the works performed by our subcontractors. We generally settle a prescribed percentage of the total certified value of the progress payment applications submitted by our subcontractors, with the remaining being retained by our Group before settlement audit as retention money. Depending on the contract terms, the majority of the retention money is released to our subcontractors upon completion of the subcontracted works and/or upon confirmation of the settlement audit. Upon completion of the subcontracted works and confirmation of the settlement audit, we would generally settle up to 95% to 97% of the final settlement amount. We typically withhold 3% to 5% of the final settlement amount to be released to our subcontractors upon expiry of the defects liability period.
- Depending on the terms of engagements with our subcontractors, we may directly settle the wages of the site workers deployed by our subcontractors. According to the Industry Report, it is common for contractors in the PRC construction industry to directly settle the wages of their subcontractors in order to offer better protection and ensure timely settlement of wages to the employees of the subcontractors.
- Insurance and safety : Our Group is generally responsible for taking out relevant construction accident insurance for the site workers deployed by our subcontractors. The insurance costs would be borne between our Group and the subcontractors.
- According to the Regulations on the Administration of Work Safety of Construction Projects (《建設工程安全生產管理條例》), in the case of a project under a general contract, the main contractor shall be liable for the general work safety of the construction site. Where subcontracting contract is involved, the main contractor and the subcontractors shall be jointly and severally liable for the work safety of the subcontracting projects. Accordingly, the relevant main contractor, our Group and our subcontractors are, in principle, jointly and severally responsible for work safety issues in a project.
- Quality requirements : The subcontractors shall complete the curtain wall assembly and installation works in accordance with the relevant national and/or industrial quality standards as well as the design drawings prescribed by our customers.

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Termination and damages : Subcontractors are required to indemnify our Group against any loss, expense or claim arising from the failure to comply with subcontracting contract by the subcontractor and/or its employees. We may be entitled to hold our subcontractors liable for any loss and damage suffered by our Group if their works are not performed in accordance with our requirements. We may also be entitled to terminate the work order in the event of breach of contract by our subcontractor.

Reasons for subcontracting

As previously mentioned, our operational model focuses heavily on project management and supervision. According to the Industry Report, it is common for curtain wall solutions providers in the PRC to allocate their resources strategically on the processing of curtain wall products and undertake the role of project management and supervision in carrying out the installation works on construction sites. As such, curtain wall solutions providers in the PRC would generally engage subcontractors to perform the related curtain wall assembly and installation works. Our executive Directors confirm that our subcontracting contract is in line with normal market practice.

Suppliers of machinery rental services

We engage third party machinery rental services providers for the hiring of machinery, such as mobile elevating work platforms and boom lifts, to be used at construction sites. We generally enter into machinery rental contract with third party machinery rental services providers, which specify the type of machinery required, rental rate, expected delivery date and lease term. We have neither entered into long-term contract nor committed to any minimum purchase amount with the machinery rental services providers.

Other suppliers

Our Group engages; (i) external accredited laboratories to conduct testing of materials; and (ii) third party logistics service providers for the delivery of our finished curtain wall products from our production facility to the relevant construction sites.

Top suppliers

For FY2024, FY2025 and 3M2026 the percentage of our total purchases from our top supplier for each year/period during the Track Record Period amounted to approximately 8.5%, 8.2% and 16.4%, respectively, while the percentage of our total purchases from our top five suppliers for each year/period during the Track Record Period combined amounted to approximately 32.3%, 39.7% and 52.1%, respectively. The following tables set forth the information of our top five suppliers for each year/period during the Track Record Period:

FY2024

Rank	Supplier	Types of goods or services purchased by us from the suppliers	Year of commencement of business relationship	Typical credit terms and payment method	Purchase by us from the suppliers	
					RMB'000	%
1	Supplier Group A	Mainly supply of aluminum	2021	30 to 45 days; by bank transfer	47,696	8.5

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Rank	Supplier	Types of goods or services purchased by us from the suppliers	Year of commencement of business relationship	Typical credit terms and payment method	Purchase by us from the suppliers	
					RMB'000	%
2	Supplier B	Mainly aluminum profile customisation and processing	2018	365 days; by bank transfer or bills	37,518	6.7
3	Supplier Group C	Mainly supply of glass	2021	30 to 45 days; by bank transfer	35,941	6.4
4	Supplier D	Mainly subcontracting of construction site works	2017	365 days; by bank transfer	32,873	5.9
5	Supplier E	Mainly subcontracting of construction site works	2021	55 to 90 days; by bank transfer	27,450	4.8
Top five suppliers combined					181,478	32.3
All other suppliers					380,069	67.7
Total purchases					561,547	100.0

FY2025

Rank	Supplier ^{Note}	Types of goods or services purchased by us from the suppliers	Year of commencement of business relationship	Typical credit terms and payment method	Purchase by us from the suppliers	
					RMB'000	%
1	Supplier F	Mainly supply of aluminum	2022	45 days; by bank transfer	44,391	8.2
2	Supplier D	Mainly subcontracting of construction site works	2017	365 days; by bank transfer	44,355	8.2
3	Supplier B	Mainly aluminum profile customisation and processing	2018	365 days; by bank transfer	43,550	8.1
4	Supplier E	Mainly subcontracting of construction site works	2021	55 to 90 days; by bank transfer	42,914	8.0
5	Supplier G	Mainly supply of various raw materials	2022	30 to 45 days; by bank transfer	38,704	7.2
Top five suppliers combined					213,914	39.7
All other suppliers					325,296	60.3
Total purchases					539,210	100.0

3M2026

Rank	Supplier ^{Note}	Types of goods or services purchased by us from the suppliers	Year of commencement of business relationship	Typical credit terms and payment method	Purchase by us from the suppliers	
					RMB'000	%
1	Supplier H	Mainly subcontracting of construction site works	2019	90 days; by bank transfer	18,000	16.4
2	Supplier I	Mainly supply of glass and silicone	2021	365 days; by bank transfer	17,000	15.5
3	Supplier J	Mainly subcontracting of construction site works	2025	90 days; by bank transfer	8,445	7.7

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Rank	Supplier ^{Note}	Types of goods or services purchased by us from the suppliers	Year of commencement of business relationship	Typical credit terms and payment method	Purchase by us from the suppliers	
					RMB'000	%
4	Supplier Group C	Mainly supply of glass	2022	30 to 45 days; by bank transfer	7,095	6.5
5	Supplier K	Mainly supply of aluminum	2015	30 to 45 days; by bank transfer	6,588	6.0
Top five suppliers combined					57,128	52.1
All other suppliers					52,489	47.9
Total purchases					109,617	100.0

Note:

Further information on our top suppliers

- Supplier Group A are subsidiaries of a company listed on the Main Board of the Stock Exchange (the “**Supplier Group A Holdco**”), which is principally engaged in manufacturing and sale of aluminium products and sale of completed properties. The total revenue of Supplier Group A Holdco amounted to approximately RMB20.70 billion for the year ended 31 December 2025.
- Supplier B is a private company with limited liability established in the PRC in 2013 with a registered capital of RMB70.0 million, which is principally engaged in sales of aluminium products, steel and building materials. According to publicly available information, Supplier B is owned by two individuals who are independent third parties as to 60% and 40%, respectively.
- Supplier Group C includes subsidiaries of a company listed on Shanghai Stock Exchange (the “**Supplier Group C Holdco**”), which is principally engaged in research, development, manufacturing and sale of glass products. The total revenue of Supplier Group C Holdco amounted to approximately RMB15.74 billion for the year ended 31 December 2025.
- Supplier D is a private company with limited liability established in the PRC in 2015 with a registered capital of RMB3.0 million, which is principally engaged in construction labour subcontracting. According to publicly available information, Supplier D is wholly-owned by an individual who is an independent third party. The sole individual shareholder of Supplier D holds 40% of the equity interests in Supplier B.
- Supplier E is a private company with limited liability established in the PRC in 2020 with a registered capital of RMB10.08 million, which is principally engaged in construction labour subcontracting. According to publicly available information, Supplier E is owned by two individuals who are independent third parties as to 70% and 30%, respectively.
- Supplier F is a private company with limited liability established in the PRC in 2017 with a registered capital of RMB30.0 million, which is principally engaged in research, development of building materials and manufacturing and sale of aluminium products. According to publicly available information, Supplier F is wholly-owned by an independent corporate shareholder, which is in turn owned as to 85.6% by an independent corporate shareholder and as to 14.4% by eight individuals who are independent third parties, respectively.
- Supplier G is an individual industrial and commercial household established in the PRC in 2020, which is principally engaged in sales of building materials.
- Supplier H is a private company with limited liability established in the PRC in 2017 with a registered capital of RMB2.0 million, which is principally engaged in construction labour subcontracting. According to publicly available information, Supplier H is owned by two individuals who are independent third parties as to 60% and 40%, respectively.
- Supplier I is a private company with limited liability established in the PRC in 2015 with a registered capital of RMB5.0 million, which is principally engaged in sales of metal products and building materials. According to publicly available information, Supplier I is owned by two individuals who are independent third parties as to 91% and 9%, respectively.
- Supplier J is a private company with limited liability established in the PRC in 2017 with a registered capital of RMB2.0 million, which is principally engaged in construction labour subcontracting. According to publicly available information, Supplier J is owned by two individuals who are independent third parties as to 69% and 31%, respectively.

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11. Supplier K is a private company with limited liability established in the PRC in 1993 with a registered capital of RMB306.13 million, which is principally engaged in manufacturing and sale of aluminium and steel products. According to publicly available information, Supplier K is owned by an independent corporate shareholder as to 51% and two individuals who are independent third parties as to 24.5% and 24.5%, respectively.

None of our Directors, their close associates or any Shareholders who owned more than 5% of the number of issued shares of our Company as at the Latest Practicable Date had any interest in any of the top five suppliers of our Group for each year/period during the Track Record Period. Our Directors further confirmed that, to their best knowledge after making reasonable enquiries, save for the transactions conducted in the ordinary course of business, there is no past or present relationship (including, without limitation, financing, family, employment, trust or otherwise) between our Group and each of our top five suppliers for each year/period during the Track Record Period, their respective substantial shareholders, directors or senior management, or any of their respective associates.

RESEARCH AND DEVELOPMENT

We believe that our commitment to research and development enables us to supply customised products according to the changing market environments as well as evolving requirements and specifications of our customers. Our research and development department, which was staffed with 19 personnel as at 31 March 2026, is primarily responsible for developing cutting-edge products and techniques, improving our existing products and enhancing our production efficiency. For FY2024, FY2025 and 3M2026, we incurred research and development costs of approximately RMB25.1 million, RMB26.7 million and RMB6.4 million, respectively.

According to the Industry Report, the PRC Government has placed emphasis on promoting sustainable development, energy efficiency and reducing carbon emissions in the building sector. In response to the national policies initiated by the PRC Government and to stay ahead of the industry trend, our research and development department is dedicated to continuously develop new curtain wall products incorporating advanced technical features such as eco-friendliness and energy-saving with focuses on the application of sustainable materials, improving self-cleaning attributes, enhancing thermal insulation, lowering carbon footprint and integration of photovoltaic panels. Our commitment to research and development is vital to our ability in catering to the evolving demands of our customers. As a testament to our research and development capabilities, we have been recognised as a “High and New Technology Enterprise” (高新技術企業) since 2016.

In June 2021, our Group initiated a collaborative project with Shenzhen University, which led to the development of a nano self-cleaning coating technique for our curtain wall products. This advanced coating creates a self-cleaning surface that significantly reduces maintenance costs and enhances longevity. The nano self-cleaning coating effectively breaks down pollutants and prevents the adhesion of dirt, resulting in cleaner and more aesthetically appealing building facades. It also reduces the frequency and effort required for manual cleaning, leading to lower water consumption, chemical usage and carbon emissions associated with building façade maintenance. Our research taskforce, which specialises in the research and development of nano self-cleaning technique, was designated as the Guangdong Province Nano Self-cleaning Curtain Wall Engineering Technology Research Centre (廣東省納米自清潔幕牆工程技術研究中心) by the Department of Science and Technology of the Guangdong Province (廣東省科學技術廳) in 2022. As at the Latest Practicable Date, our Group had registered a total of five patents related to the nano self-cleaning coating technique.

According to the Industry Report, a photovoltaics curtain wall is a high-performance façade system that integrates solar modules directly into the curtain wall units. Unlike traditional add-on solar panels, photovoltaics systems serve as a structural envelope that provides weatherproofing, thermal

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insulation, and aesthetic design while simultaneously generating renewable electricity on-site. The integration of such clean energy solutions is increasingly adopted in public infrastructure and civic landmarks.

To capture this trend, we are planning to undertake a specialised research and development project targeted at a large-span curved roof for a public infrastructure. This project involves a net photovoltaic laying area of 10,000 square meters with a targeted total installed capacity of 17MW. The primary research and development objective is to achieve a stable daily average power generation of 45,000 to 50,000 kWh, demonstrating our capability to deliver high-yield renewable energy solutions for major public facilities. We rely on our established proprietary technologies, having already secured two patents in relation to photovoltaic features. We utilise Building Information Modelling for 3-dimension full-simulation collaborative design, allowing us to proactively resolve structural, electrical, and waterproofing conflicts before on-site execution. Furthermore, we are adopting a factory-prefabricated, modular assembly process to minimize high-altitude on-site labour and ensure the precision required for complex public landmarks. As at the Latest Practicable Date, we had also applied for two patents in the PRC related to photovoltaic features.

QUALITY CONTROL

We believe that our commitment to quality control is crucial to our reputation and continual success. Our Group implements a comprehensive quality control framework which is certified to be in conformance with the requirements of ISO 9001:2015 standard. Our quality control manual stipulates detailed quality control and monitoring procedures at every stage of our operations, from the selection of material suppliers and subcontractors, procurement, inspection and testing of materials, designation of project management team, processing procedures of curtain wall products, management and supervision of the assembly and installation of curtain wall and inspection and testing on the finished products.

The following sets forth a summary of our key quality control measures:

Selection of material suppliers and subcontractors

We generally purchase materials from our internal list of approved suppliers which is updated on a continual basis. In selecting our materials suppliers, we mainly take into account factors such as pricing, quality of materials, timeliness of delivery and ability to comply with our requirements and specifications. During the supplier selection process, we would generally review the licences and certifications as well as the operating history and financial record of our suppliers.

We maintain an internal list of approved subcontractors which is updated on a continuous basis. We generally obtain quotations from different suitable subcontractors for comparison and select our subcontractors based on their experience relevant to the particular project as well as their availability and fee quotations. We evaluate subcontractors taking into account factors such as quality of services, track record, qualifications, licences, skills and technique, reputation, prevailing market price, delivery time and availability of resources in accommodating our requests. During the subcontractor selection process, our Group performs background check on the potential subcontractor for assessment in respect of the selection criteria. We may also review the relevant certificates, qualifications and licences of the potential subcontractor.

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Procurement, inspection and testing of materials

Depending on the contract terms with our customers, we are generally required to procure materials with designated brands, specifications and/or quality standards. In order to ensure the materials supplied comply with the relevant specifications and quality standards, we would generally obtain sample materials from our suppliers for examination. We generally place purchase orders with our suppliers after obtaining approval from our customers on the samples. We require our suppliers to submit quality inspection report of the materials on a continual basis and we also engage external accredited laboratories to conduct testing on the materials for their chemical and physical performance. Our production department conducts inspection and testing on the materials on a sampling basis upon their delivery to our production facility. Our suppliers are responsible for replacing any materials which do not meet the relevant specifications or standards and any associated costs incurred.

Designation of project management team

A project management team is assigned for every project based on the project nature and the relevant qualifications and experiences required. The project management team is headed by the project manager who is responsible for supervising the overall implementation of our projects, monitoring the work efficiency and performance of our subcontractors, communicating with our customers, subcontractors and other members of the project management team on the project status, allocation of resources and preparing progress reports and reviewing site records. Depending on our customers' requests, we are generally required to submit weekly progress reports to our customers throughout project implementation. Our weekly progress reports are prepared by the project management team which will report on the project status and any issue identified during project implementation. After the review by our senior management team, the weekly progress reports will then be submitted to our customers for record.

Processing procedures of curtain wall products

Our production department closely monitors and conducts sample testing throughout the processing procedures to ensure strict compliance with our quality management framework. We perform in-house inspections on each batch of finished goods to ensure our products comply with the specifications and requirements of our customers. Four fundamental tests are performed on our curtain wall to assess its resistance to wind pressure, waterproofness, air-tightness and plane deformation. Testing may also be conducted to assess the thermal insulation, sound-proof, shock resistance and optical performance of our curtain wall. We would from time to time engage external accredited laboratories to conduct performance testing on our curtain wall in accordance with the relevant curtain wall drawings and performance index. We would generally provide outgoing quality inspection reports to our customers for approval before the products are delivered to the construction sites.

Our production department is responsible for conducting management, examination, repair and maintenance of our machinery from time to time in order to ensure their proper functioning and safe operation, thus enhancing our productivity and product quality.

For projects situated remotely from the Guangdong Province, we may engage third party suppliers nearby the relevant project sites for conducting the processing works of curtain wall products and ancillary articles. Our Group would normally designate our own production staff to follow-up with third party suppliers in order to monitor the overall curtain wall processing procedures and ensure delivery. This approach improves logistics and transportation efficiency, minimises relevant costs and increases our flexibility in meeting project schedule.

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Management and supervision of the assembly and installation of curtain wall

We remain accountable to our customers for the performance and quality of works rendered by our engaged subcontractors. In general, works performed by our subcontractors are inspected and monitored by our project management team based on our quality management framework, environmental management framework and occupational health and safety management framework which conform with the requirements of ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards, respectively.

We have implemented the following measures to monitor the quality and progress of works outsourced to our subcontractors so as to ensure the compliance with our contract specifications:

- (i) our project management team conducts regular meetings with our subcontractors' representatives to review their performance and resolve any issues encountered in the course of their works;
- (ii) our project management team reviews the works performed by our subcontractors on a continual basis during project implementation based on our quality control manual. We assess the performance of our subcontractors based on their (a) ability to meet delivery schedules; (b) response to instructions; (c) management commitment; (d) quality of services; and (e) cost competitiveness;
- (iii) our subcontractors are required to follow our guidelines and instructions on workplace safety. Our project management team will closely monitor the on-site safety performance of our subcontractors. In the event our subcontractors fail to meet our safety or quality standards, we may terminate the work order and require our subcontractors to indemnify us against any loss, expense or claim resulting therefrom; and
- (iv) we require our subcontractors to submit progress report to us on a regular basis.

Inspection and testing on the finished products

Our site foremen and our customers' representatives at the construction sites would conduct inspection on the finished products upon their arrival. During installation of the curtain wall products, our site foreman together with our customers' representatives would perform continual testing on our curtain wall products, mainly including lightning tests, strength tests and water tests.

INVENTORY CONTROL

We did not keep any inventory during the Track Record Period. We do not purchase materials in advance for anticipated orders from customers. The size, shape, and specifications of materials procured by us are generally tailored to fulfil the specific requirements for each project. Hence, each batch of procurement is designated for a pre-determined project. Once the materials are procured by us for a pre-determined project, it cannot and would not be applied for the use in other projects.

LOGISTICS

We engage third party logistics service providers for the delivery of our finished curtain wall products from our production facility to the relevant construction sites. The logistics service providers are responsible for the risks associated with the delivery of goods and have to bear any losses or other liabilities should the goods be damaged during delivery.

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INSURANCE

We maintain insurance policies that are required under the relevant PRC laws and regulations as well as policies based on our assessment of operational needs and industry practice. We are required by PRC social security laws and regulations to maintain mandatory social insurance policies and make contributions to mandatory social insurance funds for our employees. We also procure necessary insurance for our projects with reference to the applicable PRC laws and regulations and the requirements set out in the tender documents and our contract. Our executive Directors consider that our insurance coverage is adequate and consistent with the industry norm having regard to our current operations and the prevailing industry practice.

Certain risks disclosed in the “Risk factors” section of this document, such as risks in relation to our ability to obtain new contracts, our ability to retain and attract personnel, credit risk and liquidity risk, are generally not covered by insurance because they are either uninsurable or it is not cost justifiable to insure against such risks. Please refer to the paragraph headed “Risk management and internal control systems” in this section for further details regarding how our Group manages certain uninsured risks.

EMPLOYEES

Number of employees

As at 31 March 2026, we had a total of 121 employees (including our two executive Directors and two non-executive Directors). All our employees were stationed in the PRC. The following table sets out a breakdown of our employees by function as at 31 December 2024, 31 December 2025 and 31 March 2026:

	As at 31 December 2024	As at 31 December 2025	As at 31 March 2026
General management	3	6	5
Budgeting	4	3	4
Procurement	5	2	2
Design	2	1	1
Production	2	2	2
Project management	90	92	71
Business and marketing	9	6	5
Administration and finance	14	12	12
Research and development	24	20	19
Total:	<u>153</u>	<u>144</u>	<u>121</u>

As we focus on sizable projects, our total project volume has decreased, resulting in a corresponding reduction in our project management team.

Training and recruitment policies

We recruit our employees based on their work experience, education background and qualifications. We recruit our employees mainly through online recruitment platforms. We assess our available human resources on a continuous basis to determine whether additional personnel is required

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to cope with our business development from time to time. We have entered into employment contracts with our employees, which set out, among others, the employee’s remuneration, benefits, confidentiality obligations and grounds for termination of the employment.

We provide internal trainings covering areas such as industry trend, latest technologies and techniques, technical knowledge relating to the design, processing, assembly and installation of curtain walls.

Staff costs and remuneration policy

Remuneration to our employees comprises salaries, allowances and bonuses. In general, we determine our employees’ salaries based on their education, qualifications, position and seniority. We generally review the performance of our employees by way of annual appraisals. The results of these reviews are used for the purposes of salary adjustments and promotion.

Our Group incurred staff costs (including directors’ remuneration) of approximately RMB20.5 million, RMB16.7 million and RMB4.0 million for FY2024, FY2025 and 3M2026, respectively.

Employee relationship

Our Directors believe that we have maintained a good relationship with our employees. We have not experienced any significant problems with our employees or any disruption to our operations due to labour disputes nor have we experienced any material difficulties in the recruitment and retention of experienced core staff or skilled personnel during the Track Record Period and up to the Latest Practicable Date.

Social insurance and housing provident funds contributions

Pursuant to applicable PRC laws and regulations, employers are required to make contributions to, and employees are required to participate in, a number of social security funds, including funds for basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance and maternity insurance, and the housing provident fund. For further information, please refer to the section headed “Regulatory overview — Laws and regulations relating to labour and social welfare — Social insurance and housing provident fund” in this document.

OCCUPATIONAL HEALTH AND WORK SAFETY

Our Group places emphasis on occupational health and work safety. Our Group has implemented occupational health and safety policies, which are certified to be in compliance with ISO 45001:2018 standards, in order to provide our employees with a safe and healthy working environment.

Work safety measures at our production facility

We are committed to maintaining a safe working environment at our production facility and abide by work safety laws and regulations imposed by the PRC Government authorities. We have established work safety policies and procedures to ensure that our operations are in compliance with applicable work safety laws and regulations. We have adopted and implemented occupational health and safety procedures and measures for our curtain wall processing procedures which include operational and safety control procedures, occupational health management procedures, machinery operation and maintenance procedures and emergency control procedures.

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We provide our production staff with safety induction and regular trainings on work safety in connection with matters such as the safe operation of machinery with a view to enhancing occupational safety and minimising the occurrence of work-related accidents and occupational illness. Our production department carries out regular safety inspections on our production facility to ensure compliance with the safety measures. Protective devices are installed and warning signs are posted to ensure the machinery is operated safely. Our production staff is provided with occupational safety gear such as safety helmets, protective eyewear, safety shoes and gloves.

We have established a policy in recording and handling accidents. Upon occurrence of an accident, the employees shall report to the relevant department head and administration department. The relevant department head shall prepare a report detailing the accident, including date and time of the accident, employees involved, cause, confirmation of responsibility, suggestion on rectification, and submit to the administration department. The department shall then carry out an investigation, assess the impact of the accident and recommend appropriate measures to improve safety.

Work safety measures at construction sites

Our Group has put in place an internal safety manual which sets out the work safety measures implemented by our Group to prevent workplace accidents at the construction sites. Set out below are some of the work safety measures included in our internal safety manual:

- formulates a workplace safety plan for each project undertaken by us which identifies the potential risks and hazards that may arise on the construction site and formulates corresponding control measures to mitigate the risks of workplace accidents. Our workplace safety plan generally sets forth, among others, (i) the inherent safety risks identified on the construction site; (ii) proposed work schedule; (iii) proposed curtain wall installation method; (iv) objectives of the workplace safety plan; (v) safety induction training; (vi) safe work procedures, parameters and measures in relation to, among others, operation of machinery, work at height, works conducted at scaffold, operation of elevating work platform and suspended hanging platform, proper storage of materials and machinery and lifting of heavy objects; (vii) provision and use of safety equipment such as full-body harness, safety helmet, protective eyewear, safety boots and gloves; (viii) fire protection, security and hygienic measures; (ix) workplace accident reporting; and (x) roles and responsibilities of the major personnel for the implementation of the workplace safety plan;
- organises site safety induction briefing sessions for workers on the first day of work and provides trainings for the workers on site, including subcontractors' employees. Topics of the safety training typically cover safety procedures for performing curtain wall assembly and installation works, safety procedures for emergency and duties and procedures for reporting hazards, incidents, accidents and diseases, potential hazards in respect of the work sites, function and proper usage of personal protection equipment, contingency measures at work sites, and good housekeeping of workplaces;
- effective promotion and communication of safety procedures are maintained through among others, establishing safety bulletin and detailed record of accident statistics, holding regular internal and external safety meetings, and documenting safety measures and issues identified for each project by preparing safety reports and training record;
- risk assessments are conducted to identify potential hazards and accidents and provide suggestion on proper preventive measures prior to commencement of works;

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- site inspections are carried out by our safety officers on a daily basis to ensure strict compliance with the statutory occupational health and safety laws, rules and regulations. We may also engage external safety consultant to assist with our safety supervision on a case-by-case basis;
- our safety officer shall (i) advise our senior management team on the legal requirements in respect of occupational health and safety matters; (ii) anticipate possible workplace hazards and recommend relevant prevention procedures; (iii) provide statistics and analysis on workplace accidents and make recommendations for improvement; (iv) report and investigate works accidents, determine their causes and recommend measures for preventing recurrence; and (v) arrange safety trainings for all our employees;
- our project management team shall ensure that our work safety measures are incorporated into our curtain wall assembly and installation methods from the planning stage, and are subsequently adhered to throughout project implementation; and
- our site foremen shall co-operate with our safety officer to establish on-site safety practices and ensure that all new comers to the construction sites are aware of their obligations to comply with such practices.

Our project management team is responsible for overseeing the implementation of our occupational health and safety policies at project sites and ensuring that we comply with all applicable occupational health and safety standards and laws. Our internal safety manual is reviewed from time to time to incorporate the best practices and to address and improve specific areas of our occupational health and safety policies. Our workplace and safety rules set out in our internal safety manual identify common safety and health hazards and recommendations on prevention of workplace accidents. We require our employees and our subcontractors’ employees to strictly comply with our safety rules.

We provide suitable personal protective equipment such as full-body harness, safety helmet, protective eyewear, safety boots and gloves to our employees and our subcontractors’ employees. We also provide safety training to all of our employees who are working at the construction sites to ensure that they are aware of and comply with our internal safety guidelines.

Our project management team regularly provides guidance to our workers and subcontractors on correct and safe working practices. We may impose fines on or remove the subcontractors who have repeatedly breached the internal safety procedures from our internal approved list of subcontractors. We also hold regular meetings with our subcontractors to discuss on the implementation of safety measures and follow up with any safety issues identified during the course of project implementation.

Handling and recording of workplace accidents

Our Group has a proper framework in place for handling and recording work accidents at the construction sites. Set out below is our general procedures for handling and recording work accidents:

- upon occurrence of an accident, we require the injured worker or person who witnessed the accident to report to our safety officer about the details of the accident on a timely basis, including the venue, time, cause of injury, etc.;

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- our safety officer will prepare a notice of accident and send the notice of accident to the project manager and our administrative staff detailing the venue, date and time of the accident, name of the injured, details of the accident and injury and follow up action performed by the safety supervisor after the occurrence of the accident. Our administrative staff maintains a master file for recording all details of injury cases; and
- our administrative staff will report the workplace accident to the main contractor and the relevant government authority as required by the PRC laws and regulations on a timely basis.

Workplace accidents during the Track Record Period and up to the Latest Practicable Date

During the Track Record Period and up to the Latest Practicable Date, we recorded two workplace accidents involving our employees and/or employee of our subcontractor. The following table sets forth the details of such workplace accidents occurred during the Track Record Period and up to the Latest Practicable Date:

Date of accident	Details of the accident
15 July 2024	An employee of our Group was tripped by the steel rebar on the floor at one of our project sites and sustained injury to his right knee cap in the course of work.
5 September 2025	An employee of our subcontractor sustained a minor injury to his hand during the course of work.

Save as disclosed above, our Group did not experience any significant incidents or accidents at our production facility or project sites in relation to workers’ safety during the Track Record Period and up to the Latest Practicable Date.

The table below sets forth our workplace accidents and work-related fatalities statistics during the Track Record Period:

	FY2024	FY2025	3M2026
Number of work-related fatal accidents	Nil	Nil	Nil
Number of work injury incidents	1	1	Nil
Fatality rate per 1,000 workers	Nil	Nil	Nil
Accident rate per 1,000 workers	1.50%	1.10%	Nil

Impact of the outbreak of COVID-19 on our operations

There was a series of outbreaks of COVID-19 pandemic in the PRC from early 2020 to the end of 2022. To prevent major outbreaks of COVID-19 at our premises, we had taken various precautionary measures including (i) distribution of preventive kits such as surgical masks and hand sanitisers to our employees and subcontractors’ employees; (ii) performing COVID-19 tests on all our employees and subcontractors’ employees on a regular basis; and (iii) regular disinfection and sanitisation of our office, production facility and construction sites.

Although the aforesaid precautionary measures had, to a certain extent, lowered our overall production and work efficiency as compared to normal times, our Group did not experience any material disruption or suspension in our production activity or construction site works as a result of the COVID-19 pandemic during the Track Record Period and up to the Latest Practicable Date. In view of

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this, our Directors considered that the COVID-19 pandemic did not result in any material adverse impact on our business operations and financial performance during the Track Record Period and up to the Latest Practicable Date.

LICENCES, QUALIFICATIONS AND PERMITS

The table below sets forth the details of the material licences, qualifications and permits of our Group as at the Latest Practicable Date:

No.	Name of licence/ qualification/permit	Issuing authority	Holder	Date of expiry
1.	Work safety permit (安全生產許可證)	Department of Housing and Urban Rural Development of Guangdong Province (廣東省住房和城鄉建設 廳)	Shenzhen Yueyuan	25 November 2028
2.	Building Architectural Curtain Wall Engineering Design (Grade A) (建築幕牆工程設計專項 甲級)	Ministry of Housing and Urban-Rural Development of the PRC (中華人民共 和國住房和城鄉建設部)	Shenzhen Yueyuan	24 July 2029
3.	Building Decoration Engineering Design (Grade A) (建築裝飾工程設計專項 甲級)	Ministry of Housing and Urban-Rural Development of the PRC (中華人民共 和國住房和城鄉建設部)	Shenzhen Yueyuan	24 July 2029
4.	Light Steel Structure Engineering Design (Grade B) (輕型鋼結構工程設計專 項乙級)	Department of Housing and Urban Rural Development of Guangdong Province (廣東省住房和城鄉建設 廳)	Shenzhen Yueyuan	21 February 2029
5.	Professional Contracting for Architectural Curtain Wall Engineering (Grade I) (建 築幕牆工程專業承包一 級)	Department of Housing and Urban Rural Development of Guangdong Province (廣東省住房和城鄉建設 廳)	Shenzhen Yueyuan	8 January 2029
6.	Professional Contracting for Building Renovation and Decoration Engineering (Grade I) (建築裝修裝飾 工程專業承包一級)	Department of Housing and Urban Rural Development of Guangdong Province (廣東省住房和城鄉建設 廳)	Shenzhen Yueyuan	8 January 2029

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No.	Name of licence/ qualification/permit	Issuing authority	Holder	Date of expiry
7.	Professional Contracting for Steel Structure Engineering (Grade II) (鋼結構工程專業承包二級)	Housing and construction Bureau of Shenzhen (深圳市住房和建設局)	Shenzhen Yueyuan	11 December 2028
8.	Permit for electric installation (maintenance, testing): Level 3 qualification for installation, maintenance and testing (承裝(修、試)電力設施許可證：承裝類三級、承修類三級、承試類三級) . . .	South China Energy Regulatory Bureau of National Energy Administration* (國家能源局南方監管局)	Shenzhen Yueyuan	6 July 2029
9.	High and New Technology Enterprise (高新技術企業)	Industry and Information Technology Bureau of Shenzhen Municipality (深圳市工業和信息化局), the Finance Bureau of Shenzhen Municipality* (深圳市財政局) and the Shenzhen Tax Service, State Taxation Administration* (國家稅務總局深圳市稅務局)	Shenzhen Yueyuan	24 December 2028

Our executive Directors are of the view that our licences, qualifications and permits abovementioned are adequate for our business needs. As advised by our PRC Legal Advisers, our Group has obtained all material licences, permits and registrations which are necessary to carry on our principal business activities in the PRC as at the Latest Practicable Date.

AWARDS AND RECOGNITIONS

The table below sets forth the major awards and recognitions obtained by our Group:

No.	Award and Recognitions	Awarding authority	Year of issuance
1.	2025 Guangxi Excellent Construction Decoration Engineering Award (Guangxi’s highest quality award for construction decoration engineering) (2025年度廣西建築裝潢工程優質獎(廣西建築裝潢工程最高品質獎))	Guangxi Building Decoration Association* (廣西建築裝飾協會)	2025
2.	2023 Guangdong Province reputable Hi-tech product: thermal insulation and energy-saving curtain wall (2023年廣東省名優高新技術產品：裝配式保溫節能型幕牆)	Guangdong Hi-tech Enterprise Association* (廣東省高新技術企業協會)	2024

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No.	Award and Recognitions	Awarding authority	Year of issuance
3.	2023 Guangdong Province reputable Hi-tech product: Unitized curtain wall for high-rise buildings (2023年廣東省名優高新技術產品: 高層建築單元式幕牆)	Guangdong Hi-tech Enterprise Association* (廣東省高新技術企業協會)	2024
4.	2023 Guangdong Province reputable Hi-tech product: Curved glass curtain wall (2023年廣東省名優高新技術產品: 曲面玻璃幕牆) .	Guangdong Hi-tech Enterprise Association* (廣東省高新技術企業協會)	2024
5.	Excellent site of safe production and civilised construction award (安全生產與文明施工優良工地) — Xinhua Hospital* (新華醫院) . .	Shenzhen Decoration Industry Association* (深圳市裝飾行業協會)	2023
6.	Highly specialised and innovative small and medium-sized enterprise* (專精特新中小企業)	Service Bureau for Small and Medium-sized Enterprises of Shenzhen Municipality* 深圳市中小企業服務局	2023
7.	Innovative small and medium-sized enterprise* (創新型中小企業).	Service Bureau for Small and Medium-sized Enterprises of Shenzhen Municipality* (深圳市中小企業服務局)	2023
8.	Excellent site of safe production and civilised construction award (安全生產與文明施工優良工地) — Nanshan Technology Innovation Centre* (南山區科技創新中心).	Shenzhen Decoration Industry Association* (深圳市裝飾行業協會)	2022
9.	Certificate of Enterprise Credit Grade (Grade AAA) (企業信用等級證書(AAA級)).	China Building Decoration Association (中國建築裝飾協會)	2022
10.	Guangdong Province Enterprise of Observing Contract and Valuing Credit (廣東省守合同重信用企業).	Shenzhen Administration for Market Regulation (深圳市市場監督管理局)	2021
11.	Shenzhen Decoration Engineering Jinpeng Award (深圳市裝飾工程金鵬獎) — Shenzhen New Generation Information Technology Industry Park* (深圳新一代信息技術產業園)	Shenzhen Decoration Industry Association* (深圳市裝飾行業協會)	2021
12.	China Construction Engineering Decoration Award (中國建築工程裝飾獎)	China Building Decoration Association* (中國建築裝飾協會)	2020
13.	Top 100 Curtain Wall Enterprises of 2018 (2018年度幕牆百強企業)	China Building Decoration Association* (中國建築裝飾協會)	2019
14.	First batch of quality and reputation service commitment enterprise* (首批品質信譽服務承諾企業)	China Building Decoration Association* (中國建築裝飾協會)	2019
15.	China Construction Engineering Luban Prize (National Quality Project) (中國建設工程魯班獎 (國家優質工程))	China Construction Industry Association* (中國建築業協會)	2015

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No.	Award and Recognitions	Awarding authority	Year of issuance
16.	Guangdong Province Excellent Building Decoration Engineering Award (廣東省優秀建築裝飾工程獎)	Building Decoration Branch of the Guangdong Province Construction Industry Association* (廣東省建築業協會建築裝飾分會)	2015
17.	Top 10 most influential design organisations (curtain wall design category) 2012-2013 (2012-2013年度十大最具影響力設計機構(幕牆設計類))	China Building Decoration Association, Academy of Arts & Design, Tsinghua University, and the Organising Committee of China International Architectural Decoration and Design Art Fair* (中國建築裝飾協會、清華大學美術學院、中國國際建築裝飾及設計博覽會委員會)	2013

ENVIRONMENTAL COMPLIANCE

Our Group has established an environmental management framework which is certified to be in compliance with ISO 14001:2015 certification. We also formulated an environmental policy to provide guidance, support and adequate resources for effective implementation of our environmental protection measures. Our environmental management framework involves, among others, the following environmental protection measures:

- ensuring our compliance with regulatory requirements, customers’ specifications and industry practices in relation to environmental protection;
- evaluating the environmental impact of our business activities, products and services and the associated environmental risks, and devising targets and plans for managing such risks;
- effectively conserving the use of resources and minimising waste generation;
- ensuring our subcontractors and their workers comply with our environmental protection policies; and
- providing trainings to our employees in relation to our environmental management framework.

We are subject to PRC laws and regulations in relation to environmental protection which govern environmental matters such as air pollution, noise emissions, discharge of waste water and waste residues. For details of these regulations, please refer to the section headed “Regulatory overview — Laws and regulations relating to environmental protection” in this document.

Our Directors believe that our business operation does not generate a large amount of environmental hazards and does not impose significant adverse impact on the environment and that our environmental protection measures are adequate to comply with all applicable PRC laws and regulations on environmental protection.

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PROPERTIES

Owned property

Address	Approximate area	Usage
No. B, Building A8, Lot A, Luh International Community, No. 5 Xicheng South Road, Lingui Town, Lingui District, Guilin City, Guangxi Province, the PRC (中國廣西省桂林 市臨桂區臨桂鎮西城南路5號花樣年麓湖國際社區A地塊A8 棟B號)	198.25 sq.m.	Investment property ^(Note)

Note: The investment property remained vacant as at the Latest Practicable Date.

Leased properties

As at the Latest Practicable Date, we leased and occupied properties material to our operation consisting of (i) the production facility located in Huizhou, Guangdong Province, the PRC; and (ii) offices located in Shenzhen, Guangdong Province, the PRC. The table below sets forth the information regarding the properties leased by us as at the Latest Practicable Date:

Address and description of location	Tenant	Landlord	Use of property	Approximate area	Term of current lease
Shangmeihu Village, Qilian Management District, Huizhou, Guangdong Province, the PRC (中國廣東省 惠州市七聯管理區上梅 湖村)	Yueyuan Curtain Wall	An independent third party	Production facility	6,543.6 sq.m.	1 July 2024 to 30 November 2031
Shangmeihu Village, Qilian Management District, Huizhou, Guangdong Province, the PRC (中國廣東省 惠州市七聯管理區上梅 湖村)	Yueyuan Aluminum	An independent third party	Production facility and staff dormitory	Production facility with gross floor area of approximately 750 sq.m. in aggregate and 17 dormitory units	1 July 2024 to 30 November 2031

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Address and description of location	Tenant	Landlord	Use of property	Approximate area	Term of current lease
4A, 4/F, Wan Shang Building, Wen Xin Er Road, Yuehai Jiedao, Nanshan District, Shenzhen, Guangdong Province, the PRC (中國廣東省深圳市南山區粵海街道文心二路萬商大廈4樓4A)	Shenzhen Yueyuan	Mr. CQ Liu	Office	516.32 sq.m.	16 November 2025 to 15 November 2026

Pursuant to Rule 8.01A(1) of the GEM Listing Rules, a valuation report to disclose valuation information is required for property used for property activities, except those with a carrying amount below 1% of the total assets. Pursuant to Rule 8.01A(2) of the GEM Listing Rules, a listing applicant’s property interests that do not form part of its property activities are exempt from the valuation requirement if the carrying amount of the property interests is below 15% of its total assets.

Our Directors confirm that as at 31 March 2026, being the date to which the most recent audited consolidated statements of the financial position of our Group were made up to, (i) no single property interest that forms part of our Group’s non-property activities had a carrying amount of 1% or more of our total assets as shown in its latest audited consolidated financial statements; and (ii) no property interest that forms part of our Group’s property activities had a carrying amount of 15% or more of our total assets as shown in its latest audited consolidated financial statements. On this basis, our Group is not required by Rule 8.01A of the GEM Listing Rules to include any valuation report in this document. Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in respect of the requirements for a valuation report with respect to interests in land or buildings.

Non-registration of Lease Agreements in the PRC

We had not registered the lease agreements in respect of seven of our leased properties with the relevant competent authorities in accordance with applicable PRC regulations. As advised by our PRC legal advisers, failure to register such lease agreements would not affect the validity and enforceability of such lease agreements. However, if we and the lessors fail to register such lease agreements as required by the relevant competent authorities, we may be subject to a fine of RMB1,000 to RMB10,000 for each of the unregistered lease agreement. As at the Latest Practicable Date, we had not been subject to any administrative penalties by the relevant competent authorities, and the amount of potential penalties accounts for a minimal portion of our total revenue during the Track Record Period.

We believe that the reasons behind the failure to register the above lease agreements are beyond our control because, among other things, the lessors’ willingness to cooperate in the registration process and provision of relevant documents for registration is necessary. In order to minimise the potential negative impact of the above lack of registration of lease agreements, we have continued to maintain regular communications with such lessors seeking their cooperation to complete a late registration of the relevant leases. In addition, we have established internal guidelines and enhanced our internal

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control procedures requiring us to seek the landlord’s agreement to register the lease agreement before signing in order to ensure compliance with applicable PRC laws and regulations. As advised by our PRC legal advisers, the defects of such leased properties would not materially and adversely affect our business.

Leased properties which are subject to title defects

As at the Latest Practicable Date, we have entered into lease agreements (the “**Lease Agreement(s)**”) in the PRC in relation to (i) a lease of the property for production facility with gross floor area of approximately 6,543.6 sq.m. (the “**Leased Property No. 1**”) for a term of seven years and five months; and (ii) a lease of the property for our production facility with gross floor area of approximately 750 sq.m. in aggregate and 17 dormitory units (the “**Leased Property No. 2**”, together with the Leased Property No. 1, collectively the “**Leased Properties**”) for a term of seven years and five months.

The Leased Properties are both located at Shangmeihu Village, Qilian Management District, Huizhou, Guangdong Province, the PRC. The Leased Properties were originally leased to a corporate tenant (the “**Lessor**”) until 30 November 2031. With the consent of the landlord of the Leased Properties (the “**Landlord**”), the Leased Properties were sub-leased to our Group.

To the best of our Directors’ knowledge and as advised by our PRC Legal Advisers, as at the Latest Practicable Date, the Leased Properties had failed to obtain (i) building ownership certificates (房屋產權證); (ii) construction planning permit (建設工程規劃許可證); (iii) construction permit (施工許可證); and (iv) fire protection acceptance filing (消防驗收備案) (excluding the dormitory units).

Legal consequences

According to Article 2 of the Interpretation of Several Issues Concerning the Specific Application of Law in the Trial of Disputes over Urban Housing Lease Agreements by the Supreme People’s Court (《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋》), if the lessor has not obtained a construction planning permit (建設工程規劃許可證) or has not constructed the house in accordance with the provisions of the construction planning permit (建設工程規劃許可證), the landlord may be ordered by the relevant PRC authorities to dismantle the property within a prescribed time limit and the lease agreement signed with the lessee shall be invalid.

As advised by our PRC Legal Advisers, there is a risk that the Lease Agreements may be deemed invalid by the court and/or the Landlord may be ordered by the relevant PRC authorities to dismantle the properties within a prescribed time limit. In such circumstances, we may need to relocate our production facility.

Contingent relocation plan

As mentioned above, as at the Latest Practicable Date, we leased the Leased Properties from the Lessor for carrying out the processing of customised curtain wall products and ancillary articles including metal roof, exterior doors and windows and light-structural steel works. In the unlikely event that we were forced to relocate our operations from the Leased Properties due to their inherent title defects as abovementioned, we might be subject to possible risk of disruption to our business. In order to mitigate such risk, our management has devised a contingent plan for relocating our operations to other suitable leased premises.

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As at the Latest Practicable Date, we have identified suitable leased property under our contingent relocation plan, which fulfilled the following criteria (i) being located within or in proximity to Huizhou, Guangdong Province, the PRC; (ii) with a total gross floor area at least comparable to our existing Leased Properties; (iii) being available for lease at the monthly rental of less than RMB20 per sq.m.; (iv) permitted for industrial use; (v) having obtained the necessary certificates and registrations including land use certificate and building ownership certificate; and (vi) suitable for curtain wall processing. In the unlikely event of forced relocation, we plan to migrate our operations by relocating our operations to other leased property(ies) in phases to mitigate the risks of complete suspension in our curtain wall processing works and to minimise any potential adverse impact brought by the relocation.

According to the terms of the tenancy agreements, in the event the Leased Properties were ordered to be appropriated, acquired and/or demolished by the PRC government authority, the Lessor shall give us written notice two months in advance (the “**Notice Period**”). Based on our estimation, the phased migration of our operations could be completed within approximately two months, taking into account the transportation time of our machinery and materials, and the setup time for our machinery at the new premises. Hence, our Directors estimate that we could largely complete the relocation of our production facility within the Notice Period. In order to mitigate any potential disruption to our operations during relocation, we may also consider outsourcing some of our curtain wall processing works to our approved subcontractors as an interim measure.

Besides, pursuant to the Administrative Litigation Law of the PRC 《中華人民共和國行政訴訟法》, parties affected by an administrative decision of a PRC authority may initiate administrative litigation in opposition within a period of six (6) months upon having knowledge of such administrative decision. Accordingly, as advised by our PRC Legal Advisers, if the Leased Properties were ordered to be dismantled, the relevant enforcement authority may not compulsorily enforce the order until the expiry of the six-month statutory period during which an administration litigation could be lodged against such order. Therefore, in the event the Leased Properties were ordered to be dismantled due to their inherent title defects as abovementioned, our Group would be entitled to arrange for relocation of our production facility during the aforesaid six-month period.

In the event of forced relocation from our leased production facility, we may incur one-off logistics and setup costs of approximately RMB80,000 and additional rental of approximately RMB0.3 million during relocation which is estimated to be completed within approximately two months. In addition, we might temporarily outsource some of our curtain wall processing works to our subcontractors, but the amount of additional subcontracting fees during the relocation period would be dependent on the requirements and status of the projects at the relevant time. Save as aforementioned, our Directors consider that a forced relocation of our Leased Properties would not result in any substantial downtime in our curtain wall processing or a material loss of revenue and/or material adverse impact on our Group’s financial performance, given that we could significantly mitigate the potential impact by (i) carrying out the relocation in phases and making appropriate planning or adjustment to our production schedule; and (ii) where necessary, temporarily outsourcing part of our curtain wall processing works to approved subcontractors.

Views of our Directors

We currently intend to continue to lease the Leased Properties in accordance with the terms of the Lease Agreements. As at the Latest Practicable Date, we were not aware of any notice, investigation or penalty concerning the title defect of the Leased Properties, and the Lessor and the Landlord raised no objections to our use of the Leased Properties. In light of the contingent relocation plan in place, our Directors consider that the potential impact of a forced relocation could be reasonably mitigated.

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INTELLECTUAL PROPERTIES

As at the Latest Practicable Date, our Group is the registered owner of a domain name, 63 patents, 23 software copyrights and 2 trademarks in the PRC and one trademark in Hong Kong. Further, our Group had also applied for the registration of 15 patents in the PRC as at the Latest Practicable Date. For further information, please refer to the section headed “Statutory and general information — B. Further information about our business — 2. Material intellectual property rights” in Appendix IV to this document.

As at the Latest Practicable Date, we were not aware of any material infringements (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us. As at the Latest Practicable Date, we were also not aware of any pending or threatened claims against us or against any members of our Group in relation to any material infringement of intellectual property rights of third parties.

For further details of our intellectual property management and protection measures, please refer to the paragraph headed “Environmental, social and corporate governance matters — Intellectual property (“IP”)” above in this section.

LEGAL COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had been involved in certain non-compliance incidents, details of which are set out below. Such non-compliance incidents have not resulted, and are not expected to result, in any material impact on our financial condition and/or our operations. Save as disclosed below, our Directors, based on the legal opinions issued by our PRC Legal Advisers, confirm that we did not have material non-compliance with the applicable PRC laws and regulations relating to our business operations during the Track Record Period and up to the Latest Practicable Date.

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No.	Details of non-compliance incident	Reasons	Possible legal consequences and impact	Latest status, remedial measures and internal control measures
I.	During the Track Record Period, Shenzhen Yueyuan and Yueyuan Aluminum failed to make full social insurance contributions for employees as required under the relevant PRC laws and regulations. The aggregate shortfall of social insurance contributions amounted to approximately RMB1.6 million, RMB1.6 million and RMB1.6 million for FY2024, FY2025 and 3M2026 respectively.	The non-compliance incident was mainly due to (i) insufficient understanding of the relevant PRC laws and regulations of our responsible handling staff; and (ii) the absence of professional advice for our staff at the material time.	Pursuant to Article 86 of the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), where an employer fails to make social insurance contributions in full and on time, the social insurance contribution collection agencies shall order it to make all or outstanding contributions within the prescribed period and impose a late payment fee at the rate of 0.05% per day from the date on which the contribution becomes due. If such employer fails to make the overdue contributions within such prescribed period, the relevant administrative authority may impose a fine equivalent to one to three times the overdue amount. Pursuant to the “Notice of the State Taxation Administration on Implementing Measures to Further Support and Serve the Development of the Private Economy” (Shui Zong Fa [2018] No. 174) (《國家稅務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》(稅總發[2018]174號)), tax authorities responsible for collecting social insurance contributions shall likewise not independently organise the centralised collection of prior-year unpaid contributions owed by payors, including private enterprises. According to an on-site interview conducted by the PRC Legal Advisers with the Nanshan Branch of the Shenzhen Social Insurance Fund Administration (深圳市社會保險基金管理局南山分局), the authority indicated that where an employee lodges a complaint within the preceding two years alleging that his/her social insurance rights have been infringed, the authority will require the employer to make supplemental social insurance contributions only for that particular employee for up to two years, together with late payment charges calculated at 0.05% per day. The authority also confirmed that it would not conduct a centralised recovery against the employer as a whole. If the employer makes the required supplemental contributions and pays the applicable late charges, no administrative penalties will be imposed. Apart from complaint-driven inspections, the authority may carry out inspections through its “Dual random selections plus timely release of results” mechanism each year. If a company is not notified to prepare materials, it has not been selected for such inspection, and the inspection results under this mechanism are publicly disclosed on the official website of the Shenzhen Human Resources and Social Security Bureau. According to the Public Credit Information Report on Shenzhen Yueyuan issued by Credit Guangdong dated 20 May 2026, Shenzhen Yueyuan had no violations or irregularities in the field of social insurance during the Track Record Period. As at the Latest Practicable Date, we (i) have not received any orders from the relevant PRC authorities requesting us to settle the shortfall amount of social insurance contributions and corresponding late payment fees; (ii) have not been penalised under the relevant PRC laws and regulations related to social insurance contributions; and (iii) we were also not aware of any employees’ complaints or demands for payment of social insurance contributions. Based on information publicly available from the official website of the social insurance authorities, the Group was not subject to any administrative penalties related to social insurance matters during the Track Record Period. Pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on 21 September 2018, administrative enforcement authorities are prohibited from organising and conducting centralised collection of enterprises’ historical social insurance arrears.	Based on the above, as advised by our PRC Legal Advisers, based on the relevant regulatory policies and the factual background as stated above, the risk of our Group being subject to centralised collection of our historical social insurance arrears by the relevant authorities is relatively low. Notwithstanding the above, our Group has made full provision for the shortfall of social insurance contributions for the Track Record Period. The Group has implemented enhanced internal control measures to prevent the recurrence of such non-compliance with the laws and regulations in the PRC. The enhanced internal control measures are summarised below: (i) the Group has revised the internal control policy and guidelines to include the calculation basis and requirement of social insurance contribution; (ii) the Group has assigned the administration and finance department to review the calculation of the relevant contributions regularly, and keep proper records of any contribution paid; (iii) the Group has assigned the chief executive officer to approve the calculation of the relevant contributions; and (iv) the Group has assigned the financial director to carry out procedures of review to ensure the register of payment record is properly updated and that all payments of relevant contributions are made on a timely basis. In addition, the Group will implement internal control mechanisms on continuous staff development by providing regular internal training to responsible staff to raise their awareness on compliance with relevant laws and regulations in respect of social insurance contribution. The Group will continue to implement the above measures to ensure it is in compliance with the social insurance contribution requirements under the relevant laws and regulations and undertake to make timely payments for the outstanding amount and overdue charges as soon as requested by the relevant authorities. The Group has rectified the non-compliance of arising from its failure to make full contributions to social insurance.

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No.	Details of non-compliance incident	Reasons	Possible legal consequences and impact	Latest status, remedial measures and internal control measures
2.	During the Track Record Period, Shenzhen Yueyuan and Yueyuan Aluminium failed to make full housing provident fund contributions for employees as required under the relevant PRC laws and regulations. The aggregate shortfall of housing provident fund contributions amounted to approximately RMB3.9 million, RMB4.4 million and RMB4.5 million for FY2024, FY2025 and 3M2026 respectively.	The non-compliance incident was mainly due to (i) insufficient understanding of the relevant PRC laws and regulations of our responsible handling staff; and (ii) the absence of professional advice for our staff at the material time.	Pursuant to the Regulations on the Management of Housing Provident Funds 《住房公积金管理条例》, where an employer fails to pay or fully pay the housing provident fund, the housing provident fund management centre shall order it to make payment within the prescribed period; if it fails to make payment within such prescribed period, the centre may apply to the people's court for enforcement. Based on the Credit Report of the Group obtained from the Guangdong Credit Platform, the Group was not involved in any violation of laws or regulations or subject to any administrative penalties related to housing provident fund during the Track Record Period. As at the Latest Practicable Date, we (i) have not received any orders from the relevant PRC authorities requesting us to settle the shortfall amount of housing provident fund contributions and corresponding late payment fees; (ii) have not been penalised under the relevant PRC laws and regulations related to housing provident fund contributions; and (iii) we were also not aware of any employees' complaints or demands for payment of housing provident fund contributions. Based on information publicly available from the official website of the housing provident fund authorities, the Group was not subject to any adverse administrative penalties related to housing provident fund matters during the Track Record Period.	Based on the above, the PRC Legal Advisers are of the view that it is likely that the Group will be required to pay up the shortfalls in housing provident fund contributions. As such, our Group has made full provision for the shortfall of housing provident fund contributions amounting to approximately RMB3.9 million, RMB4.4 million and RMB4.5 million for FY2024, FY2025 and 3M2026, respectively, in our consolidated financial statements during the Track Record Period. The Group has implemented enhanced internal control measures to prevent the recurrence of such non-compliance with the laws and regulations in the PRC. The enhanced internal control measures are summarised below: (i) the Group has revised the internal control policy and guidelines to include the calculation basis and requirement of housing provident fund contribution; (ii) the Group has assigned the administration and finance department to review the calculation of the relevant contributions regularly, and keep proper records of any contribution paid; (iii) the Group has assigned the chief executive officer to approve the calculation of the relevant contributions; and (iv) the Group has assigned the financial director to carry out procedures of review to ensure the register of payment record is properly updated and that all payments of relevant contributions are made on a timely basis. In addition, the Group will implement internal control mechanisms on continuous staff development by providing regular internal training to responsible staff to raise their awareness on compliance with relevant laws and regulations in respect of housing provident fund contribution. The Group will continue to implement the above measures to ensure it is in compliance with the housing provident fund contribution requirements under the relevant laws and regulations and undertakes to make timely payments for the outstanding amount and overdue charges as soon as requested by the relevant authorities. The Group aims to rectify the non-compliance of failure to make full contribution of housing provident funds within one year from the (REDACTED).

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No.	Details of non-compliance incident	Reasons	Possible legal consequences and impact	Latest status, remedial measures and internal control measures
3.	During the Track Record Period, the Leased Properties were put into operation upon completion without the fire protection acceptance filing (消防驗收備案).	The non-compliance incident was mainly due to the fact that the Landlord has not completed the fire protection acceptance (消防驗收) for the property and as such, we cannot file the relevant fire protection acceptance filing (消防驗收備案) for the Leased Properties.	Pursuant to the Fire Protection Law of the People's Republic of China, construction unit who fails to make the fire protection acceptance filing with the housing and urban-rural development authority as stipulated by law, shall be ordered to take remedial actions and be imposed a fine of no more than RMB5,000. As of the Latest Practicable Date, we have not been penalised under the relevant PRC laws and regulations related to fire protection safety. As advised by our PRC Legal Advisers, there is a risk that we may be ordered by the relevant PRC authorities to carry out relevant remedial actions and be imposed of fine of no more than RMB5,000.	We engaged an independent third party inspection institution to examine the fire safety conditions of the Leased Properties. As advised by our PRC Legal Adviser, such institution is a qualified institution to issue such report to our Group. According to the fire safety report issued by the relevant institution in November 2024, the relevant institution was of the view that the Leased Properties (i) had established decent fire safety systems and procedures; (ii) passed the fire safety assessment; and (iii) had no existing fire safety issues. To prevent future non-compliances with respect to relevant construction and fire protection laws and regulations, we have implemented and enhanced internal control measures, which include (i) we will obtain the requisite licenses and permits (including but not limited to fire protection acceptance filings) as and when required by the laws and regulations and follow the requisite procedures relating to construction and work completion of buildings; (ii) we will seek our PRC Legal Advisers' opinion on the issues relating to the compliance of construction and fire protection laws and regulations; (iii) we have established a set of policies and procedures to obtain relevant permits for acceptance; and (iv) our legal and engineering personnel will monitor the implementation of the above measures and will check whether there is any non-compliance going forward.

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LITIGATION AND CLAIMS

We are, from time to time, party to court, arbitral and administrative proceedings arising in the ordinary course of our business operations typically involving among others, service quality, personal injuries and contract/payment disputes. For “Risk Factors — Risks relating to our business — We are exposed to claims and litigations in our ordinary course of business and we may suffer financial losses and damage to reputation if we are found liable” in this document.

As at the Latest Practicable Date, there were 12 ongoing legal proceedings involving our Group as defendant, and the aggregate claim amounts was approximately RMB8.6 million and made approximately RMB8.6 million provision in relation such ongoing litigations. Considering (i) the support of legal advice from the litigation lawyer engaged by Zhenzhen Yueyuan; and (ii) approximately RMB8.6 million provision was made for such ongoing litigations, the Directors believe that these ongoing legal proceedings would not have a material adverse impact on the Group’s business operations and financial condition. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had not been involved in any litigation, arbitration, or administrative proceedings which would, individually or in the aggregate, have a material adverse effect on our business, financial condition, or results of operations.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE MATTERS

Environmental, social and governance (“ESG”) matters

We fully recognise that addressing crucial ESG issues is key to ensuring the long-term sustainable development of our business. We are committed to establishing a comprehensive ESG management framework to enhance our ESG practices and performance. Concurrently, we actively contribute to the development of our communities and society as a whole by implementing various specific ESG initiatives.

ESG governance

We firmly believe that ESG issues are crucial to our long-term sustainable development. We are committed to achieving strong performance in the areas of economics, employee well-being, environmental stewardship, and social responsibility. We actively establish an ESG governance framework, continuously improve our ESG practices, and contribute to societal well-being.

We deeply understand the potential impacts of ESG-related risks, such as climate change, on our business operations, and we are acutely aware of our environmental and social responsibilities. Consequently, we have integrated the concept of sustainable development into our Group’s strategy and daily operations. We have established a comprehensive ESG management framework in accordance with Appendix C2 “ESG Reporting Code” of the GEM Listing Rules, which clearly defines the roles and responsibilities of the Board, management, and employees in ESG matters.

We recognise the significant impact and value of ESG issues on long-term business development, viewing them not only as compliance requirements but also as crucial opportunities for achieving sustainable growth. To this end, we will strengthen internal ESG training and awareness-raising initiatives to ensure that all employees fully understand and implement our ESG commitments. Simultaneously, we will maintain close communication with various stakeholders to jointly explore ESG solutions, address ESG-related challenges, and promote corporate sustainable development. Through these measures, we aim to deeply integrate ESG principles into our daily operations and management, continuously enhance our ESG practices, and drive long-term, robust corporate development.

We are committed to continuously improving our ESG performance and integrating ESG principles into our daily business decisions. We will regularly assess and monitor the implementation of our ESG objectives and provide transparent reporting and communication channels to our stakeholders. Through these efforts, we aim to create greater value across economic, environmental, and social dimensions, and make positive contributions to sustainable development. To this end, we have

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developed a “Business Continuity Plan” (業務持續經營計劃), which includes a comprehensive analysis of external factors such as economic, political, and social environments. This allows us to understand macroeconomic trends and potential risks, ensuring that resources are focused on core business development, and enabling us to adjust strategic directions and formulate targeted strategies in response to changing market conditions.

ESG governance structure

Our Board is responsible for coordinating and formulating our sustainable development strategy, major policies, and objectives framework. To effectively manage ESG-related matters, we have established an ESG working group comprised of heads (or authorised personnel) from various functional departments, business units, and factory-related divisions. This working group is responsible for researching ESG policies and standards, conducting ESG benchmarking and assessments, performing ESG management diagnostics, evaluating ESG performance, and managing ESG information disclosure.

Environmental protection

We fully recognise the critical importance of environmental protection and sustainable development. To implement our environmental protection principles, our environmental management framework was certified to be in compliance with ISO 14001: 2015 certification. We have also established a comprehensive “Construction Site Environmental Management Policy” (施工現場環境管理制度) to implement environmental responsibility and on-site environmental protection measures. We require our employees to actively implement various environmental protection measures, including the prevention of air pollution, noise pollution, and water pollution. These efforts aim to minimise the impact of our Group’s operations on the surrounding environment and contribute to environmental protection.

Our air emissions, greenhouse gas (“GHG”) emissions, and resource usage statistics during the Track Record Period covered our Group’s production facility and dormitories in Huizhou, Guangdong Province, the PRC and offices in Shenzhen, Guangdong Province, the PRC. The reporting scope is determined based on the significance of our ESG impact.

Air emissions¹

The air emissions we generate primarily include nitrogen oxides (“NOx”), sulfur oxides (“SOx”), and particulate matter (“PM”), with the main source being emissions from vehicle use. The following table presents our air emissions data during the Track Record Period:

	Unit	FY2024	FY2025	3M2026
NOx	kg	5.387	0.350	0.092
SOx	kg	0.048	0.004	0.002
PM	kg	0.471	0.029	0.007

Our Group is committed to relentless efforts with the goal of reducing emissions of NOx, SOx, and PM by 5% by the year ending 31 December 2027, compared to the baseline year of FY2025.

The trends in air emissions are closely linked to our Group’s operational activities, particularly vehicle usage, the construction project’s phases, and cost-control measures. The decrease in air emissions for FY2025 was primarily attributable to a reduction in transportation activities. In addition, the Group scaled down its operational footprint, with the reduction in the leased area for our head office during FY2025. These operational adjustments collectively led to lower energy consumption and vehicle usage, thereby contributing to the observed decline in air emissions.

¹ The air emissions for the Track Record Period are disclosed in accordance with “Appendix 2: Reporting guidance on Environment KPIs” issued by the Stock Exchange to provide a more comprehensive performance of our Group.

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GHG emissions

Our GHG emissions primarily originate from Scope 1 direct emissions generated using vehicles and Scope 2 indirect GHG emissions associated with the consumption of purchased electricity. The table below outlines our GHG emissions² performance during the Track Record Period:

	Unit	FY2024	FY2025	3M2026
Scope 1 — Direct GHG Emissions				
Vehicle usage	tCO ₂ e	8.69	0.80	0.32
Scope 2 — Indirect GHG Emissions				
Purchased electricity	tCO ₂ e	173.82	160.71	25.13
Scope 3 — Other Indirect GHG Emissions				
Business travel.	tCO ₂ e	0.63	N/A	N/A
Paper consumption	tCO ₂ e	3.78	0.17	0.06
Total GHG Emissions and Intensity				
Total GHG Emissions	tCO₂e	186.92	161.68	25.51
Total GHG Emission Intensity	tCO₂e/Revenue in millions of RMB	0.28	0.26	0.17

Our Group will persistently strive to reduce our total GHG emission intensity by 5% by the year ending 31 December 2027, compared to the baseline year of FY2025.

The trends in Scope 1 direct GHG emissions are closely linked to our Group’s operational activities, particularly vehicle usage, the construction project’s phases, and cost-control measures.

Consistent with the factor outlined in air emissions section, the Group’s GHG emissions for FY2025 decreased compare to the FY2024, primarily reflecting reduced vehicle usage and lower energy consumption arising from a contraction in business activities and a downsized operational footprint.

To further minimise our environmental impact, we have implemented emission reduction measures, which are detailed in the paragraph headed “Energy conservation and emission reduction” is this section.

Waste management

To mitigate the impact of waste, we conduct waste collection and sorting, and the sorted waste is subsequently collected and processed by the relevant urban sanitation departments, with all processes adhering to applicable environmental protection standards.

Given the nature of our business, which primarily involves design, processing, assembling and installation of curtain wall, our operations do not generate hazardous waste. Regarding non-hazardous waste, the main sources are disposals from our offices and dormitories, for which we currently do not maintain specific records. We will continue to improve our data collection framework and expand the scope of disclosure in the future to ensure the accuracy and transparency of our reporting. Additionally, we have established clear waste disposal guidelines and training for employees to identify, collect, store, and handle waste. These efforts aim to foster a strong corporate environmental awareness and thereby reduce our environmental impact.

² GHG emission data is presented in carbon dioxide equivalent (CO₂e) and is calculated with reference to guidelines including, but not limited to, the “Notice on Carrying Out GHG Emission Reporting and Verification for Key Industry Enterprises from 2023 to 2025” (關於做好2023至2025年部分重點行業企業溫室氣體排放報告與核查工作的通知) issued by the Ministry of Ecology and Environment of the PRC.

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Energy consumption

Our energy consumption primarily comes from direct energy consumption by vehicles and indirect energy consumption from purchased electricity. The following table presents our energy consumption performance during the Track Record Period:

	Unit	FY2024	FY2025	3M2026
Direct Energy Consumption				
Vehicle usage	MWh	31.56	2.90	1.15
Indirect Energy Consumption				
Purchased electricity	MWh	304.78	259.00	40.49
Total Energy Consumption and Intensity				
Total Energy Consumption	MWh	336.34	261.90	41.64
Total Energy Intensity	MWh/Revenue	0.51	0.42	0.28
	in millions of RMB			

Our Group is committed to reducing our total energy consumption intensity by 5% by the year ending 31 December 2027, compared to the baseline year FY2025. To further minimise our environmental impact, we have implemented energy-saving and emission reduction measures, which are detailed in the paragraph headed “Energy conservation and emission reduction” in this section.

Water consumption

Given the nature of our business, our primary water consumption stems from daily office operations. Our office water consumption fees are included in the management fees, making it difficult to obtain specific water consumption data. Our main water source is municipal tap water, and consequently, we do not face any issues in obtaining suitable water sources. We promote water conservation concepts to our employees, post water-saving reminders in all water usage areas, and conduct periodic inspections to prevent water waste.

Energy conservation and emission reduction

As a responsible corporate citizen, we are committed to implementing proactive measures to reduce carbon emissions and contribute to climate change mitigation. We have developed a comprehensive “Corporate Management Framework” (公司管理制度體系) that outlines standardised emission reduction practices, including vehicle and dormitory management protocols. These measures encompass improving vehicle usage efficiency, conducting regular maintenance to optimise performance, and requiring employees to power down all electrical devices when leaving workspaces or dormitories. We also perform regular electricity consumption audits to swiftly identify and address any anomalies, and actively promote energy-saving habits among our staff through educational reminders and signage throughout our facilities.

The expenses incurred by our Group for environmental compliance were approximately RMB9,290, nil, and nil for FY2024, FY2025 and 3M2026, respectively. These expenses primarily covered costs for environmental protection taxes and waste disposal and transportation fees. Going forward, we expect our annual costs of compliance with applicable environmental matters in the near future will not experience significant changes from that during the Track Record Period, subject to any future changes in the applicable environmental laws and regulations which may arise.

Addressing climate change

Following the Task Force on Climate-related Financial Disclosures recommendations, we have identified two main categories of climate-related risks:

- (i) Physical risks — Direct physical impacts from extreme weather events and long-term climate changes.

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- (ii) Transition risks — Costs and risks associated with policy, legal, technological, and market changes.

Our Board has determined that the primary physical risks affecting us stem from acute climate disaster events such as heatwaves, droughts, heavy rainfall, and abnormally high temperatures. These extreme events may impact employee safety, work environments, health, and our daily business operations. We proactively identify and assess climate risks and opportunities, integrating climate change risk identification, adaptation, and mitigation into our decision-making processes. We conduct extreme weather monitoring and early warning and have developed a “Disaster Recovery Guide” (災難復原指導) to enhance our climate disaster prevention and management capabilities.

Conversely, transition risks primarily relate to the shift towards a low-carbon economy, encompassing changes in policies, laws, technology, and markets. With evolving environmental regulations and legislation, we may face increased compliance costs and operational litigation risks. Failure to comply with all environmental laws and regulations, or allegations of environmental protection negligence, could result in potential fines, penalties, or even forced operational suspension. Moreover, such events could adversely affect our reputation and reduce market competitiveness.

To address these transition risks, we assess their likelihood and impact, integrating them into our overall risk assessment and management processes. We closely monitor trends in climate-related regulatory requirements and potential transition risk policies, striving to mitigate their impact on our operations.

During the Track Record Period, due to our effective internal controls, we did not identify any significant adverse impacts from climate-related events.

Social responsibility

Our mission is to fulfil corporate social responsibility and create sustainable value. We are committed to balancing ESG considerations in our business operations to achieve long-term sustainability. We strive to provide high-quality products and services while empowering our employees with professional development opportunities. We demonstrate our commitment to employees, customers, partners, and society, showcasing positive values. To this end, we have developed the “Yueyuan Construction Ethical Guidelines and Code of Conduct” (粵源建設道德指引與行為守則) to standardise the basic principles to be followed in business activities. This aims to ensure that our Group’s operations comply with social ethics, legal regulations, and industry norms, while safeguarding our Group’s reputation and long-term interests.

Compliant employment

We firmly believe that human resources are our most valuable asset and the foundation for sustainable corporate development. Therefore, we are committed to improving our employment framework to attract, nurture, and retain talent. We adhere to a people-centric governance approach and have established an “Employee Handbook” (員工手冊), “Corporate Human Resources Management Framework” (企業人力資源管理制度), and “Employee Labor Contract Management Measures (員工勞動合同管理辦法)” to ensure the protection of employees’ rights. These policies standardise employment practices and ensure that employees clearly understand their rights and responsibilities, while respecting and safeguarding the legal rights of each employee. These systems cover rights protection in areas such as compensation, resignation, recruitment and promotion, working hours and leave, and other benefits. We will continuously improve our talent policies and welfare measures, establish effective employee communication mechanisms, and focus on work-life balance. This approach aims to strengthen employees’ sense of belonging and motivation, jointly promoting the company’s sustainable and healthy development.

Our recruitment process strictly adheres to principles of fairness, impartiality, and transparency, providing equal opportunities to individuals of diverse backgrounds, cultures, and genders. We firmly oppose discrimination and prohibit all forms of discriminatory practices.

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We strictly prohibit any form of child labour or forced labour in our operations. If suspected cases of child or forced labor are discovered, our human resources department will promptly communicate with relevant personnel to address the issue. We commit to thoroughly investigating all reports and taking appropriate corrective and disciplinary measures to protect employees’ rights and ensure a safe work environment. All our employees meet the minimum working age requirements set by national laws and regulations. During the Track Record Period, we have not encountered any incidents of child or forced labour.

We are committed to providing competitive salaries and benefits to our employees. We regularly review employee salaries and bonuses to ensure they are both market-competitive and fairly reflect employee performance. To this end, we have developed the “Corporate Management Framework” (公司管理制度體系) to standardise salary structures and standards. Regarding working hours and leave arrangements, we strictly adhere to relevant laws and regulations, reasonably arranging work schedules and time off based on actual work requirements and reasonable employee requests. We respect our employees’ work-life balance and encourage them to manage their time efficiently to enhance productivity.

We are dedicated to continuously improving our human resource management practices to ensure an adequate talent pipeline while fully protecting employee rights and providing a positive work environment with growth opportunities.

During the Track Record Period, our employee turnover rates were as follows:

	Unit	FY2024	FY2025	3M2026
Overall Turnover Rate	%	46.84	11.11	23.97

Occupational health and safety

Recognising the importance of occupational health and safety, our occupational health and safety management framework was certified to be in conformance with ISO 45001:2018 standard. This certification effectively safeguards the life safety and health of our employees and site-related personnel.

To further promote the implementation of occupational health and safety measures and ensure compliance with relevant laws and regulations, we have developed the “Industrial Construction Safety Management” (工業建築安全管理), “Construction Equipment Management Measures” (施工設備管理辦法), and “Production Safety Accident Risk Assessment Report” (生產安全事故風險評估報告) to identify risks and standardise safe production practices. These documents contain detailed safety production work guidelines and operational procedures.

We have also established a “Major Incident Reporting Framework” (重大事項報告制度), which outlines procedures for handling various types of emergencies. All production management documents are properly maintained by us for record-keeping purposes.

We will regularly educate and remind employees about the importance of occupational health and safety in accordance with relevant work safety guidelines to prevent similar incidents from occurring. Through training, various forms of communication, emergency drills, and regular safety inspections, we provide our employees with the latest information on occupational safety and emergency response.

Intellectual property (“IP”)

To standardise the comprehensive management of IP, we have developed an “Intellectual Property Protection Policy” (知識產權保護政策) aimed at perfecting the creation, management, application, and protection of IP. We place high importance on IP protection management and has established a comprehensive IP protection framework. We have designated specialised personnel for IP management, responsible for formulating IP strategies, overseeing policy implementation, and handling related disputes. Concurrently, we have strengthened IP training and educational initiatives for employees to raise awareness. To regulate IP management, we have formulated and refined relevant systems covering

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patent applications, trademark registrations, copyright registrations, and other aspects, clearly defining requirements for IP protection, usage, and transfer. We actively encourage employee innovation and strengthen the utilisation and value realisation of IP. Furthermore, we have established an IP early warning mechanism to promptly detect and address infringement, taking legal measures when necessary to protect our rights. Through these measures, we strive to provide high-quality curtain wall engineering services while prioritising the protection and utilisation of our own IP, ensuring healthy and orderly business development. Our IP protection framework also enables sustained investment in research and development, promoting technological innovation and industry upgrading, and maintaining our continuous development momentum. Moreover, our systematic IP protection measures help create a fairer, more just, and transparent market environment, attracting more investors and innovative resources while enhancing our international reputation and influence, significantly strengthening our global competitiveness.

As at the Latest Practicable Date, we have registered 63 patents and 23 software copyrights in the PRC. During the Track Record Period, we have neither received nor initiated any claims related to IP infringement, underscoring the effectiveness of our IP protection strategies and our commitment to ethical business practices in the highly specialised field of curtain wall engineering.

Integrity and business ethics

We place great emphasis on fostering strong business ethics among our directors, employees, and business partners, steadfastly adhering to the principle of honest operations and striving to collectively establish an industry environment characterised by integrity and ethical development.

To establish a culture of ethical business practices and ensure healthy corporate development, we have implemented a robust organisational structure for our business operations. This structure is designed to strengthen investor confidence, protect shareholder interests, and enhance our credibility and reputation. To this end, we have specifically formulated an “Ethics Policy and Code of Conduct” (道德政策和行為守則) and an “Anti-Corruption, Fraud, and Money Laundering Policy” (反貪污、詐欺、洗黑錢等政策). The “Ethics Policy and Code of Conduct” (道德政策和行為守則) aims to ensure that our operations comply with social morality, legal regulations, and industry norms while safeguarding our reputation and long-term interests. The “Anti-Corruption, Fraud, and Money Laundering Policy” (反貪污、詐欺、洗黑錢等政策) outlines more detailed standards and behavioral guidelines to combat corruption, fraud, and money laundering. We have strengthened our regulatory and enforcement efforts, encouraging internal reporting while protecting whistleblowers’ rights. We also conduct integrity education activities to cultivate professional ethics and compliance awareness among our employees. Our contract management and review systems have been improved to ensure the authenticity, legality, and validity of contract contents. In addition, we have enhanced project management and quality control measures to prevent fraudulent activities.

We instill a strong anti-corruption awareness in all employees and have established comprehensive whistleblowing procedures and policies to mitigate internal corruption and other behaviours that may harm the interests of our Group and employees. This ensures fairness, impartiality, and compliance throughout our operations. To this end, we have implemented a “Whistleblowing Procedure and Policy” (舉報程序及政策) that establishes both internal and external reporting systems. For the internal reporting framework, we have set up multiple reporting channels, such as dedicated email addresses and hotlines, which have been clearly communicated to all employees. All reported information is subject to preliminary verification and handled confidentially. For matters requiring in-depth investigation, we have established a specialised investigation team to conduct thorough inquiries and gather evidence. Based on investigation results, we take appropriate measures and provide feedback to the whistleblower. The entire reporting and investigation process is meticulously documented and archived. Through this robust whistleblowing mechanism, we can promptly identify and effectively resolve internal issues, maintaining a positive corporate order and atmosphere. For external reporting procedures, we have established dedicated whistleblowing sections on our Group’s official website and other public channels to facilitate reporting by external stakeholders. We cooperate with government regulatory bodies and other relevant institutions to investigate, and handle received reports.

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Investigation results are promptly communicated to the whistleblower and disclosed through public channels. For reports involving illegal activities, we file cases with judicial authorities in accordance with the law.

By establishing a comprehensive whistleblowing mechanism, we not only maintain internal order but also demonstrate our transparency and social responsibility, further enhancing public trust and stakeholder confidence in our organisation.

We place great emphasis on fostering a culture of integrity and compliance within our organisation and continually strengthen the awareness of ethical conduct among our directors and employees. Regular education and training sessions on these policies are conducted for all directors and staff to reinforce their anti-corruption awareness and professional ethics, ensuring adherence to the guidelines and measures outlined in our policies. Through these ongoing efforts, we strive to create a positive internal atmosphere, safeguard our reputation for integrity, and strengthen trust among all stakeholders. During the Track Record Period, we have not identified any significant issues related to violations of laws and regulations concerning the prevention of bribery, extortion, fraud, and money laundering. Furthermore, there have been no concluded legal cases regarding corrupt practices brought against us.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Key risks relating to our business are set out in the section headed “Risk factors” in this document. The following sets out the key measures adopted by our Group under our risk management and internal control system for managing the more particular operational and financial risks relating to our business operation:

(i) Risk of cost overruns

We estimate our costs to be incurred in a project to determine our tender price and there is no assurance that the actual amount of costs we incur would not exceed our estimation during the course of project implementation. For details of our measures on minimising the risk of cost overruns, please refer to the paragraph headed “Pricing strategy” above in this section.

(ii) Risk relating to subcontractors’ performance

Please refer to the paragraph headed “Quality control — Selection of material suppliers and subcontractors” above in this section.

(iii) Credit risk management

We are subject to risks in relation to the collectability of our trade and other receivables, details of which are summarised in the section headed “Risk factors — We are subject to credit risk in relation to the collectability of our trade receivables and contract assets”.

For the purpose of mitigating our exposure to credit risk, our finance department is responsible for conducting individual credit evaluations on our customers on a regular basis. Prior to accepting work orders from new customers, our finance department would conduct due diligence and credit history check on the potential customer by obtaining their credit and background search reports from publicly available information and perform detailed risk assessment and analysis to assess their credibility.

Material overdue payments are closely monitored and evaluated on a case-by-case basis in order to deduce the appropriate follow-up actions having regard to our business relationship with the customer, its history of making payments, its financial position as well as the general economic environment. During the Track Record Period, our follow-up actions for recovering long-overdue payment included active communications, conducting follow up calls with the customers and commencing legal actions.

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We generally grant our customers a credit term of 365 days from the date of invoice or payment certificate. As at 31 December 2024, 31 December 2025 and 31 March 2026, we recorded trade receivables (net of allowance for credit losses) of approximately RMB231.2 million, RMB184.2 million and RMB185.5 million, respectively.

To ensure timely identification of doubtful or irrecoverable debts, our finance department would report to our financial director on the collection status and ageing analysis of outstanding payments on a regular basis. Trade receivables overdue will be reviewed by our financial director and, if appropriate, provisions for impairment of trade receivables will be made accordingly.

(iv) Liquidity risk management

There are often time lags between making payment to our suppliers and receiving payment from our customers when undertaking contractual works, resulting in possible cash flow mismatch. In order to manage our liquidity position in view of the aforementioned working capital requirement and the possible cash flow mismatch associated with undertaking contractual works, we have adopted the following measures:

- our financial director is responsible for the overall monitoring of our current and expected liquidity requirements on a monthly basis to ensure that we maintain sufficient financial resources to meet our liquidity requirements;
- as a general policy, we only procure materials on an as-needed basis according to the requirement and schedule of the project to prevent excessive purchases; and
- we closely monitor our working capital to ensure that our financial obligations can be fulfilled when due, by, among other things (i) ensuring healthy bank balances and cash for payment of our short-term working capital needs; (ii) performing monthly review of our trade receivables and aging analysis, and following up closely to ensure prompt receipt of amounts due from our customers; and (iii) performing monthly review of our trade payables and aging analysis to ensure that payments to our suppliers are made on a timely basis.

(v) Regulatory risk management

We keep ourselves abreast of any changes in government policies, regulations, and licensing requirements in the PRC in relation to our business operations, as well as the relevant environmental and safety requirements. We will ensure that any changes of the above are closely monitored and communicated to our senior management for proper implementation and compliance.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board currently consists of seven (7) Directors, including two (2) executive Directors, two (2) non-executive Directors and three (3) independent non-executive Directors. Our Board is responsible for, and has the general authority for, the management and operation of our Company. Our Company [has entered] into a director service contract with each of the Directors.

Directors

The following table sets out the key information regarding our Directors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Director(s) and/or senior management
Mr. Liu Canquan (劉燦權) (“Mr. CQ Liu”) .	67	Executive Director and chief executive officer	October 1994	28 August 2024	Overall strategic planning and business direction of our Group	Younger brother of Mr. RQ Liu and father of Mr. WJ Liu
Mr. Liu Weijian (劉偉健) (“Mr. WJ Liu”) .	33	Executive Director	June 2016	28 August 2024	Overall strategic planning and business direction, and technical development and planning of our Group	Son of Mr. CQ Liu and nephew of Mr. RQ Liu
Mr. Liu Ruquan (劉汝權) (“Mr. RQ Liu”) .	79	Non-executive Director and chairman of our Board	October 1994	28 August 2024	Providing professional advice to our Board	Elder brother of Mr. CQ Liu and uncle of Mr. WJ Liu
Ms. Li Ruyan (李乳燕).	52	Non-executive Director	January 2004	28 August 2024	Providing professional advice to our Board	Nil
Mr. Chan Chi Hang (陳志恒).	48	Independent non-executive Director	[•]	[•]	Supervising and providing independent judgement to our Board	Nil
Mr. Jian Zhentao (簡振濤).	42	Independent non-executive Director	[•]	[•]	Supervising and providing independent judgement to our Board	Nil
Mr. Xue Yanguang (薛延光).	48	Independent non-executive Director	[•]	[•]	Supervising and providing independent judgement to our Board	Nil

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. CQ Liu (劉燦權), aged 67, is an executive Director, the chief executive officer of our Company and a member of the Remuneration Committee. He is also one of our Controlling Shareholders. Mr. CQ Liu was appointed as a Director on 28 August 2024 and was re-designated and appointed as an executive Director and the chief executive officer of our Company on 19 October 2024. Mr. CQ Liu has 31 years of experience in the construction industry. Mr. CQ Liu joined our Group as a general manager of Shenzhen Yueyuan in October 1994. Mr. CQ Liu also serves as a director of Yueyuan Holdings (BVI), Strength Corporation, Yueyuan Construction (HK), Yueyuan Holdings (SZ), Shenglong Enterprise Management, Shenglong Holdings and Shenzhen Yueyuan. Mr. CQ Liu is responsible for overall strategic planning and business direction of our Group.

Mr. CQ Liu is Mr. RQ Liu’s younger brother and Mr. WJ Liu’s father.

Mr. CQ Liu completed a professional programme in construction engineering at Southwest Petroleum College* (西南石油學院) (currently known as Southwest Petroleum University (西南石油大學)) in July 1979. Mr. CQ Liu obtained a senior engineer qualification awarded by the Ministry of Personnel of the PRC (中華人民共和國人事部) in April 1989 and was qualified as a senior researcher by China Construction Machinery Building Door, Window and Curtain Wall Design Institute* (建設部中建機建築門窗幕牆設計研究所) and China Construction Machinery Door, Window and Curtain Wall Design Expert Group Committee of the Ministry of Construction* (建設部中建機門窗幕牆設計專家組委員會) in August 2007.

Mr. CQ Liu was a director, supervisor and/or a member of the senior management of the following companies, at the time or within 12 months from the time of their dissolution/revocation. The relevant details are as follows:

Name of Enterprise	Place of Incorporation	Nature of Business	Status	Date of Dissolution/Revocation	Reason for Dissolution/Revocation	Mr. CQ Liu’s Position
Hongkong Yueyuan Construction Limited (香港粵源建設股份有限公司)	Hong Kong	Investment holding	Deregistration	Dissolved on 20 May 2016	No business was carried out	Director
Shenzhen Yuening Composite Material Decoration Co., Ltd.* (深圳市粵凝複合材料裝飾有限公司).	PRC	Wholesale and retail of decorative products	Revoked	Revoked on 5 November 1998	Cessation of business and failure to conduct annual inspection	Supervisor
Shenzhen Rixin Electronics Development Co., Ltd.* (深圳日信電子發展有限公司).	PRC	Production and sales of smart cards, magnetic cards and supporting equipment	Revoked	Revoked on 5 November 1998	Cessation of business and failure to conduct annual inspection	Vice chairman
Yueyuan Century Limited (粵源世紀有限公司) . . .	Hong Kong	Investment holding	Deregistration	Dissolved on 16 October 2020	No business was carried out	Director

DIRECTORS AND SENIOR MANAGEMENT

As confirmed by Mr. CQ Liu, to the best of his knowledge, the aforesaid companies were solvent and inactive at the time of their dissolution/revocation and that their dissolution/revocation was not a result of any fraudulence or misconduct on his part and that he has no outstanding liabilities or obligations arising from such dissolution/revocation.

Mr. WJ Liu (劉偉健), aged 33, is our executive Director. Mr. WJ Liu joined Shenzhen Yueyuan in June 2016 as an R&D manager and was responsible for the overall management and promotion of R&D projects of our Group and solving technical issues encountered in our projects. Mr. WJ Liu was appointed as a Director on 28 August 2024 and was re-designated as an executive Director on 19 October 2024. Mr. WJ Liu has also served as a director of Shenzhen Yueyuan since January 2023. Mr. WJ Liu is responsible for overall strategic planning and business direction, and technical development and planning of our Group. Since February 2020, Mr. WJ Liu has served as a general manager of Youyan (Shenzhen) Technology Co. Ltd. (優鹽(深圳)科技有限責任公司), a company established in the PRC engaging in information technology consulting and development.

Mr. WJ Liu is Mr. CQ Liu’s son and Mr. RQ Liu’s nephew.

Mr. WJ Liu obtained a bachelor of arts degree in accounting and finance from the University of Durham in June 2015. He also obtained a master of science degree in accounting and finance from the University of Warwick in December 2016.

Non-executive Directors

Mr. RQ Liu (劉汝權), aged 79, is our founder, the chairman of the Board, a non-executive Director and the chairman of the Nomination Committee. He is also one of our Controlling Shareholders. Mr. RQ Liu was appointed as a Director on 28 August 2024 and was re-designated and appointed as a non-executive Director and the chairman of the Board on 19 October 2024. Mr. RQ Liu has 31 years of experience in the construction industry. Mr. RQ Liu served as the chairman of Shenzhen Yueyuan from its inception until January 2023 and has remained a director of Shenzhen Yueyuan since then. He also serves as a director of Yueyuan Holdings (BVI), Yueyuan Construction (HK) and Shenzhen Yueyuan. Mr. RQ Liu is responsible for providing professional advice to our Board on the management of our Group’s construction projects.

Mr. RQ Liu is Mr. CQ Liu’s elder brother and Mr. WJ Liu’s uncle.

Mr. RQ Liu obtained a senior engineer qualification awarded by the Ministry of Personnel of the PRC (中華人民共和國人事部) in June 1990.

Mr. RQ Liu was a director, supervisor and/or a member of the senior management of the following companies, at the time or within 12 months from the time of their dissolution/revocation. The relevant details are as follows:

Name of Enterprise	Place of Incorporation	Nature of Business	Status	Date of Dissolution /Revocation	Reason for Dissolution /Revocation	Mr. RQ Liu’s Position
Zhuhai Huiyin Investment Co., Ltd.* (珠海市匯銀投資有限公司)	PRC	Investment holding	Revoked	Revoked on 11 February 2002	Cessation of business	Legal representative

DIRECTORS AND SENIOR MANAGEMENT

Name of Enterprise	Place of Incorporation	Nature of Business	Status	Date of Dissolution /Revocation	Reason for Dissolution /Revocation	Mr. RQ Liu's Position
Shenzhen Yuening Composite Material Decoration Co., Ltd.* (深圳市粵凝複合材料裝飾有限公司)	PRC	Wholesale and retail of decorative products	Revoked	Revoked on 5 November 1998	Cessation of business and failure to conduct annual inspection	Legal representative, chairman and general manager
Shenzhen Rixin Electronics Development Co., Ltd.* (深圳日信電子發展有限公司)	PRC	Production and sales of smart cards, magnetic cards and supporting equipment	Revoked	Revoked on 5 November 1998	Cessation of business and failure to conduct annual inspection	Legal representative and chairman
Shenzhen Haoyuan Investment Co. Ltd.* (深圳市濠源投資有限公司)	PRC	Real estate development and operation	Deregistration	Dissolved on 31 May 2013	Cessation of business	Supervisor
Shenzhen Medieval Holdings Co., Ltd.* (深圳中世紀控股有限公司)	PRC	Investment holding	Deregistration	Dissolved on 5 February 2021	Cessation of business	Supervisor

As confirmed by Mr. RQ Liu, to the best of his knowledge, the aforesaid companies were solvent and inactive at the time of their dissolution/revocation and that their dissolution/revocation was not a result of any fraudulence or misconduct on his part and that he has no outstanding liabilities or obligations arising from such dissolution/revocation.

Ms. Li Ruyan (李乳燕), aged 52, is our non-executive Director. Ms. Li joined our Group in January 2004. Ms. Li was appointed as a Director on 28 August 2024 and was re-designated as a non-executive Director on 19 October 2024. Ms. Li has also served as a director of Shenzhen Yueyuan since July 2021. Ms. Li is responsible for providing professional advice to our Board on the safety aspects of our construction projects.

Ms. Li has been serving with our Group for over 22 years. She first joined our Group in January 2004 as a safety officer of Shenzhen Yueyuan, where she was responsible for the construction safety and compliance matters of our Group’s projects. From July 2010 to July 2021, she was appointed as the finance manager of Shenzhen Yueyuan, where she was responsible for the day-to-day financial management of our Group. Since July 2021, Ms. Li has served as a director of Shenzhen Yueyuan, where she has been responsible for its general management.

Ms. Li graduated from Anhui Chinese Medicine College* (安徽中醫學院) (currently known as Anhui University of Chinese Medicine (安徽中醫藥大學)) in July 1994 with a major in Chinese medicine.

DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Mr. Chan Chi Hang (陳志恒) (“Mr. Chan”), aged 48, was appointed as an independent non-executive Director of our Company on [•]. He is also the chairman of the Audit Committee and a member of the Remuneration Committee. Mr. Chan is primarily responsible for supervising and providing independent advice to our Board on the operation and management.

Mr. Chan has approximately 26 years of experience in accounting and corporate governance. From September 2000 to November 2014, Mr. Chan worked at Deloitte Touche Tohmatsu, where he last served as a senior manager. From November 2014 to July 2015, he served as a manager in investigation and compliance at the Financial Reporting Council, (now known as the Accounting and Financial Reporting Council). From December 2024 to March 2026, he served as an independent non-executive director of Boill Healthcare Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1246). Since June 2018, Mr. Chan has been serving as an independent non-executive director of Sheng Tang Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8305). Since August 2015, Mr. Chan has been serving as the company secretary, chief financial officer and process agent of AV Concept Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 595).

Mr. Chan obtained a bachelor’s degree in commerce from the University of Otago in New Zealand in December 1999 and a master’s degree in business administration from The Chinese University of Hong Kong in October 2025. Mr. Chan has been a member of the Hong Kong Institute of Certified Public Accountants since January 2004 and a member of the Association of Chartered Certified Accountants since December 2004.

Mr. Jian Zhentao (簡振濤), aged 42, was appointed as an independent non-executive Director on [•]. He is also a member of each of the Audit Committee and the Nomination Committee. Mr. Jian is responsible for supervising and providing independent advice to our Board on the operation and management.

Mr. Jian has approximately 20 years of experience in the education industry. From August 2006 to July 2009, Mr. Jian was a teacher of Qingxin County Vocational and Technical School* (清新縣職業技術學校). Since September 2009, Mr. Jian has been teaching in Qingyuan Vocational and Technical School* (清遠市職業技術學校).

Mr. Jian obtained a bachelor’s degree in administrative management from South China University of Technology through distance learning in July 2009. He also obtained a Guangdong Province Certificate of Occupational Title* (廣東省職稱證書) issued by Qingyuan Municipal Human Resources and Social Security Bureau* (清遠市人力資源和社會保障局) as a lecturer in automotive operations and maintenance in August 2023.

Mr. Xue Yanguang (薛延光), aged 48, was appointed as an independent non-executive Director on [•]. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Xue is responsible for supervising and providing independent advice to our Board on the operation and management.

Mr. Xue has over 18 years of experience in the legal industry. From May 2003 to December 2015, Mr. Xue worked in the Qingyuan Intermediate People’s Court, where he last served as an adjudicator and the vice president of the court. From May 2016 to May 2017, Mr. Xue served as a trainee lawyer at Guangdong Dagan Law Firm* (廣東大觀律師事務所). Since June 2021, Mr. Xue has been working as a lawyer in Guangdong Chaogang Law Firm* (廣東朝綱律師事務所).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Xue obtained a bachelor’s degree in economic law from East China College of Political Science and Law (華東政法學院) (currently known as East China University of Political Science and Law (華東政法大學)) in July 2001. He was admitted as a lawyer in the PRC by Guangdong Provincial Department of Justice (廣東省司法廳) in September 2017.

Save as disclosed above, none of our Directors has held any directorship in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this document. Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable inquiries, there are no other matters with respect to the appointment of our Directors that need to be brought to the attention of our Shareholders and there is no information relating to our Directors that is required to be disclosed pursuant to Rule 17.50(2)(a) to (v) of the GEM Listing Rules.

SENIOR MANAGEMENT

The following table sets out the key information regarding the members of the senior management of our Group:

Name	Age	Position(s)	Date of joining our Group	Roles and responsibilities	Relationship with other Director(s) and/or senior management
Mr. CQ Liu	67	Executive Director and chief executive officer	October 1994	Overall strategic planning and business direction of our Group	Younger brother of Mr. RQ Liu and father of Mr. WJ Liu
Mr. Wang Yanjun (王言軍)	53	Engineering director and deputy general manager	March 1996 (left in February 2004 and rejoined in September 2013)	Overseeing engineering-related matters of our Group	Nil
Ms. Lu Suping (盧素萍)	60	Financial director	April 2001	Overseeing the overall financial reporting and financial management of our Group	Nil

For biographical details of Mr. CQ Liu, please refer to the paragraph headed “Board of Directors — Executive Directors” above in this section.

Mr. Wang Yanjun (王言軍), aged 53, is our engineering director. He is responsible for overseeing engineering-related matters of our Group.

Mr. Wang has approximately 19 years of experience in the curtain wall industry. Mr. Wang joined our Group in March 1996. He served as a project officer of Shenzhen Yueyuan from March 1996 to February 2004, where he was responsible for monitoring the progress of construction projects. He left our Group in February 2004 and rejoined as a project manager in September 2013. He was then promoted to engineering director and deputy general manager in July 2019, in which capacity he has since been responsible for project supervision and decision making across our Group.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang graduated from Nanchang Vocational College* (南昌高等專科學校) with a major in housing construction engineering in July 1992. He obtained a Guangdong Province Certificate of Occupational Title* (廣東省職稱證書) issued by the Shenzhen Municipal Human Resources and Social Security Bureau (深圳市人力資源和社會保障局) as an assistant engineer in curtain wall construction in July 2022.

Ms. Lu Suping (盧素萍), aged 60, is our financial director. She is responsible for overseeing the overall financial reporting and financial management of our Group.

Ms. Lu has over 25 years of experience in the accounting and auditing industry. Ms. Lu joined our Group in April 2001 as the head of the accounting department of Shenzhen Yueyuan. Since April 2003, she has been serving as financial director of Shenzhen Yueyuan, where she has been responsible for the overall management of financial affairs.

Ms. Lu obtained a professional certificate in corporate finance from Jiangxi Province Financial Accounting School* (江西省財務會計學校) (currently known as Jiangxi Vocational College of Finance & Economics (江西財經職業學院)) in July 1983. Ms. Lu obtained a professional certificate in pricing studies from Jiangxi College of Finance and Economics* (江西財經學院) (currently known as Jiangxi University of Finance and Economics (江西財經大學)) in December 1989. She was qualified as an accountant by the Ministry of Finance of the PRC (中華人民共和國財政部) in December 1992.

COMPANY SECRETARY

Mr. Leung Hoi Ki (梁海祺), aged 36, was appointed as our company secretary on [•]. He is primarily responsible for the company secretarial matters of our Group. Mr. Leung received a bachelor of business administration degree in Accountancy from the Hong Kong Polytechnic University in October 2011. Mr. Leung was admitted as a member of the Hong Kong Institute of Certified Public Accountants in March 2015. He has over 13 years of accounting experience. From September 2011 to May 2014, he was employed by BDO Limited, with his last position being a senior associate of the Assurance Department. From June 2014 to November 2014, Mr. Leung worked as a senior accountant in the assurance department of Ernst & Young. From December 2014 to January 2017, he was employed by KPMG with his last position being a manager. Mr. Leung has been the company secretary of Dragon Rise Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 6829), since March 2017 and of Easy Smart Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2442), since April 2023.

BOARD COMMITTEES

Our Company has established the following committees within our Board: an audit committee, a remuneration committee and a nomination committee. The committees operate in accordance with the terms of reference established by our Board and Rules 5.28, 5.34 and 5.36A of the GEM Listing Rules.

Audit Committee

Our Group has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the GEM Listing Rules. The Audit Committee consists of three members, namely, Mr. Chan Chi Hang, Mr. Jian Zhentao and Mr. Xue Yanguang. Mr. Chan Chi Hang is the chairman of the Audit Committee and is an independent non-executive Director with the appropriate professional qualification.

DIRECTORS AND SENIOR MANAGEMENT

The primary duties of the Audit Committee are to review and supervise our Company’s financial reporting process, internal control and risk management systems of our Group, oversee the audit process and perform other duties and responsibilities as may be assigned by our Board.

Remuneration Committee

Our Group has established a remuneration committee (the “**Remuneration Committee**”) with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the GEM Listing Rules. The Remuneration Committee consists of three members, namely, Mr. Xue Yanguang, Mr. CQ Liu and Mr. Chan Chi Hang. Mr. Xue Yanguang is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include, but are not limited to, (i) establishing, reviewing and providing advice to our Board on our Company’s policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and each member of senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

Nomination Committee

Our Group has established a nomination committee (the “**Nomination Committee**”) with written terms of reference in compliance with Rule 5.36A of the GEM Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the GEM Listing Rules. The Nomination Committee consists of three members, namely, Mr. RQ Liu, Mr. Jian Zhentao and Mr. Xue Yanguang. Mr. RQ Liu is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to (i) review the structure, size and composition of our Board on a regular basis and make recommendations to our Board regarding any proposed changes to the composition of our Board; (ii) identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, and ensure the diversity of our Board members; (iii) assess the independence of our independent non-executive Directors; and (iv) make recommendations to our Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors.

CONFIRMATION FROM OUR DIRECTORS

Rule 5.02D of the GEM Listing Rules

Each of our Directors confirms that he/she (i) has obtained the legal advice referred to under Rule 5.02D of the GEM Listing Rules on 29 May 2026, and (ii) understands his/her obligations as a director of a listed issuer under the GEM Listing Rules.

Rule 5.09 of the GEM Listing Rules

Each of our independent non-executive Directors has confirmed that (i) he/she is independent as regards each of the factors referred to in Rules 5.09(1) to (8) of the GEM Listing Rules, (ii) he/she has no past or present financial or other interest in the business of our Company or our subsidiaries or any connection with any core connected person of our Company under the GEM Listing Rules as of the Latest Practicable Date, and (iii) there are no other factors that may affect his/her independence at the time of his/her appointment.

DIRECTORS AND SENIOR MANAGEMENT

Rule 11.04 of the GEM Listing Rules

As at the Latest Practicable Date, none of our Directors or their respective close associates was engaged in or had any interest in a business, apart from business of our Group, which competes or is likely to compete with our Group’s business, whether directly or indirectly, or would otherwise require disclosure under Rule 11.04 of the GEM Listing Rules.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with the code provisions set out in the Corporate Governance Code in Appendix C1 to the GEM Listing Rules after [REDACTED].

Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the “comply or explain” principle in the corporate governance report which will be included in the annual reports of our Company upon [REDACTED].

As at the Latest Practicable Date, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, our Directors were not aware of any deviation from the code provisions of the Corporate Governance Code as set out in Appendix C1 to the GEM Listing Rules upon the completion of the [REDACTED].

BOARD DIVERSITY POLICY

Our Company will adopt a board diversity policy (the “**Board Diversity Policy**”) upon [REDACTED], which sets out its approach to achieve and maintain diversity on our Board in order to enhance the effectiveness of our Board. Our Company recognises and embraces the benefits of board diversity to enhance the quality of its performance and endeavours to ensure that our Board has appropriate balance and level of skills, experiences and perspectives required to support the execution of our business strategies. Our Company seeks to achieve Board diversity by selection of candidates for our Board through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. Our Company will also take into consideration factors based on our own business model and specific needs from time to time in determining the optimum composition of our Board. All Board appointments will be based on meritocracy having due regard to the benefits of diversity on our Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our Board comprises seven members, including two female Directors. Our Directors also have a balanced mix of knowledge and experience in the areas of strategic development, production, administration, finance and accounting. Our Company has three independent non-executive Directors with different industry backgrounds, representing over one-third of the members of our Board.

Our Company will review the objectives of the Board Diversity Policy from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. After [REDACTED], the Nomination Committee will review the Board Diversity Policy and monitor its implementation. The Nomination Committee will report annually to our Shareholders in the corporate governance section of the annual report of our Company on the process adopted in relation to our Board appointments and the consideration given to the diversity on our Board.

DIRECTORS AND SENIOR MANAGEMENT

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonus with reference to salaries paid by comparable companies, time commitment and the performance of our Group. Our Group regularly reviews and determines the remuneration and compensation package of our Directors and senior management reviews by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and senior management and the performance of our Group.

After [REDACTED], the Remuneration Committee will review and determine the remuneration and compensation packages of our Directors with reference to their responsibilities, workload and the time devoted to our Group and the performance of our Group.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

An aggregate sum of approximately RMB440,000, RMB445,000 and RMB105,000 was paid to our Directors as remuneration for FY2024, FY2025 and 3M2026, respectively.

Under the arrangements currently in force, the aggregate amount of remuneration payable to our Directors for the year ending 31 December 2026 is estimated to be approximately RMB622,000 (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind).

An aggregate sum of approximately RMB1.3 million, RMB1.4 million and RMB0.3 million was paid to our Group’s five highest paid individuals (excluding our Directors) as remuneration for FY2024, FY2025 and 3M2026, respectively.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors or our Group’s five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by our Company to, or receivable by, our Directors or our Group’s five highest paid individuals for each of the years during the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments in each of FY2024, FY2025 and 3M2026.

Save as disclosed above, no other payment has been made or is payable in respect of each of FY2024, FY2025 and 3M2026 by any member of our Group to any of our Directors.

Further information in respect of our Directors’ remuneration as well as information on our Group’s five highest paid individuals is set out in Note 12 to the Accountants’ Report of our Group set out in Appendix I to this document.

SHARE OPTION SCHEME

Our Group has conditionally adopted the Share Option Scheme, pursuant to which, among others, the directors and employees of our Group may be granted options to subscribe for Shares.

The principal terms of the Share Option Scheme are summarised in “Statutory and General Information — D. Share Option Scheme” in Appendix IV to this document.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

Our Company has agreed to appoint Patrons Capital Limited to be our Company’s compliance adviser upon [REDACTED] on the Stock Exchange in compliance with Rule 6A.19 of the GEM Listing Rules. Our Company has entered into a compliance adviser’s agreement with Patrons Capital Limited prior to the [REDACTED], the material terms of which are as follows:

- (a) the term of appointment of the compliance adviser will commence on the [REDACTED] of our Company and end on the date on which our Company distributes our annual report in respect of the financial results for the first full financial year commencing after the [REDACTED], or until the agreement is terminated, whichever is earlier;
- (b) the compliance adviser will provide our Company with certain services, including guidance and advice as to compliance with the requirements under the GEM Listing Rules and applicable laws, rules, codes and guidelines and advice on the continuing requirements under the GEM Listing Rules and applicable laws and regulations;
- (c) our Company will consult with and, if necessary, seek advice from Patrons Capital Limited as our Company’s compliance adviser in the following circumstances:
 - (i) before the publication of any regulatory announcement, circular or financial report;
 - (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
 - (iii) where our Company proposes to use the net [REDACTED] from the [REDACTED] in a manner different from that detailed in this document or where the business activities, developments or results of our Company deviate from any forecast, estimate, or other information in this document; and
 - (iv) where the Stock Exchange makes any enquiry to our Company under Rule 17.11 of the GEM Listing Rules.
- (d) the compliance adviser will serve as a channel of communication with the Stock Exchange.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account any Share that may be allotted and issued upon exercise of the [REDACTED] or any option that may be granted under the Share Option Scheme), our Company will be owned by Diamond Soars and Reliable Profit, as to approximately [REDACTED]% and [REDACTED]%, respectively.

Diamond Soars is an investment holding company and is wholly owned by Mr. RQ Liu. Reliable Profit is an investment holding company and is wholly owned by Mr. CQ Liu.

For the purposes of the GEM Listing Rules, Diamond Soars, Reliable Profit, Mr. RQ Liu and Mr. CQ Liu are the Controlling Shareholders. Further details of Mr. RQ Liu and Mr. CQ Liu are set out in the section headed “Directors and Senior Management” in this document.

NO COMPETITION

As at the Latest Practicable Date, none of our Controlling Shareholders or their respective close associates was engaged in or had any interest in a business, apart from business of our Group, which competes or is likely to compete with our Group’s business, whether directly or indirectly, or would otherwise require disclosure under Rule 11.04 of the GEM Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Save as otherwise disclosed in the section headed “Connected Transactions” in this document, our Directors do not expect any other significant transactions to be entered into between our Group, our Controlling Shareholders and their respective close associates upon or shortly after the [REDACTED].

Our Directors consider that we are capable of carrying on our business independent of our Controlling Shareholders and their respective close associates after the [REDACTED] for the following reasons:

1. Management independence and operational independence

Although our Controlling Shareholders will retain a controlling interest in our Company after the [REDACTED], we have full rights to make all decisions on, and to carry out, our own business operations independently. We hold all relevant licences necessary to carry on our business, and have sufficient capital, equipment and employees to operate our businesses independently from our Controlling Shareholders.

Our Group has established its own organisational structure comprising individual departments, each with specific areas of responsibility. During the Track Record Period, our Group did not share its operational resources or general administrative resources with our Controlling Shareholders and/or their respective close associates. Our Group has also established a set of internal controls to facilitate the effective and independent operation of our business.

Although Mr. RQ Liu is also the sole director and sole shareholder of Diamond Soars and Mr. CQ Liu is also the sole director and sole shareholder of Reliable Profit, each of Diamond Soars and Reliable Profit has no operative business except for being an investment holding company for private investments, and each of Mr. RQ Liu and Mr. CQ Liu is not involved in any other business that is in competition with our business. Therefore, our Directors believe that the independence of the management of our Group will not be affected or compromised.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Our management and operational decisions are made by our executive Directors and senior management, most of whom have served us for a long time and all have substantial relevant experience in the industry in which we are engaged. Each of our Directors is aware of his or her fiduciary duties as a Director and his or her personal interest. In the event of any conflict of interest or duty, such Director shall abstain from voting when a conflicted resolution is to be discussed and voted on. Further, our three independent non-executive Directors will bring independent judgment to the decision-making process of our Board. With three independent non-executive Directors on our Board, representing the minimum requirement under the GEM Listing Rules, there is a sufficiently robust and independent voice within our Board to counter-balance any situation involving a conflict of interest and to protect the interests of our independent Shareholders.

2. Administrative independence

Our senior management have, for all or substantially all of the Track Record Period, undertaken senior management supervisory responsibilities in the business of our Group. The responsibilities of the senior management team of our Group include dealing with operational and financial matters, making general capital expenditure decisions and the daily implementation of the business strategy of our Group. This ensures the independence of the daily management and operations of our Group. Further details of our senior management are set out in the section headed “Directors and Senior Management” in this document.

3. Financial independence

We have our own financial management system and the ability to operate independently from our Controlling Shareholders from a financial perspective. All the amounts due to our Controlling Shareholders as well as all guarantees, indemnities and/or other securities provided by our Controlling Shareholders for the benefits of our banking facilities during the Track Record Period will be fully settled or released upon the [REDACTED]. There will be no financial assistance, security and/or guarantee provided by any of our Controlling Shareholders in favour of our Group upon the [REDACTED]. Our Directors believe that we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders.

4. Independence of major suppliers

To the best of our Directors’ knowledge, information and belief, none of our Controlling Shareholders, our Directors and their respective close associates have any relationship with the top five suppliers of our Group in each year (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period.

5. Independence of major customers

To the best of our Directors’ knowledge, information and belief, none of our Controlling Shareholders, our Directors or their respective close associates has any relationship with the top five customers of our Group in each year (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period.

UNDERTAKINGS

Each of the Controlling Shareholders has given certain undertakings in respect of the Shares to the Stock Exchange and our Company, details of which are set out in the section headed “[REDACTED] — [REDACTED] arrangements and expenses — The [REDACTED] — Undertakings” in this document.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

NON-COMPETITION UNDERTAKINGS

In order to avoid any possible future competition among our Group, our Controlling Shareholders entered into the Deed of Non-Competition on [•] in favour of our Company (for itself and for the benefit of each other member of our Group). Pursuant to the Deed of Non-Competition, during the period that the Deed of Non-Competition remains effective, our Controlling Shareholders irrevocably and unconditionally undertake to our Company (for itself and for the benefit of each other member of our Group) that they shall not, and shall procure their close associates (other than members of our Group) not to, directly or indirectly engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with the existing business activity of any member of our Group or any business activity to be conducted by any member of our Group from time to time after the [REDACTED], save for the holding of not more than 5% shareholding interests (individually or with their close associates) in any company listed on a recognised stock exchange and at any time the relevant listed company shall have at least one shareholder (individually or with their close associates, if applicable) whose shareholding interests in the relevant listed company are higher than that of our Controlling Shareholders (individually or with their close associates).

Our Controlling Shareholders further undertake that if they or their close associates (other than any member of our Group) are offered or become aware of any business opportunity which may compete with the existing business activity of any member of our Group or any business activity to be conducted by any member of our Group from time to time after the [REDACTED], they shall (and they shall procure their close associates to) notify our Group in writing and our Group shall have a right of first refusal to take up such business opportunity. Our Group shall, within 30 days after receipt of the written notice (or such longer period if our Group is required to complete any approval procedures as set out under the GEM Listing Rules from time to time), notify our Controlling Shareholders whether our Group will exercise the right of first refusal.

Our Group shall only exercise the right of first refusal upon the approval of all our independent non-executive Directors (who do not have any interest in such opportunities). Mr. CQ Liu, Mr. RQ Liu and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of our Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of our independent non-executive Directors for considering whether or not to exercise the right of first refusal.

The Deed of Non-Competition is conditional upon the GEM [REDACTED] granting the approval for the [REDACTED] of, and [REDACTED] in, our Shares; and the conditions precedent under the [REDACTED] having been fulfilled (or where applicable waived) and the [REDACTED] not being terminated in accordance with their respective terms.

If any of such conditions is not fulfilled on or before the date agreed between the [REDACTED] and our Company or the [REDACTED] and our Company have agreed to terminate the [REDACTED] thereafter, the Deed of Non-Competition shall become null and void and cease to have any effect whatsoever and no party shall have any claim against the other under the Deed of Non-Competition.

The Deed of Non-Competition shall terminate when (i) each of Mr. CQ Liu and Mr. RQ Liu, whether individually or taken together with his close associates, ceases to be interested in 30% (or such other amount as may from time to time be specified in the GEM Listing Rules as being the threshold for determining a controlling shareholder of a company) or more of the entire issued share capital of our Company; or (ii) our Shares shall cease to be [REDACTED] and [REDACTED] on the Stock Exchange (except for temporary suspension of [REDACTED] of our Shares on the Stock Exchange due to any reason).

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Our Directors are committed to upholding and implementing the highest standards of corporate governance and recognise the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders.

We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders:

- (a) under the Articles of Association, where we have knowledge that any Shareholder is, under the GEM Listing Rules, required to abstain from voting on any particular resolution of our Company or restricted to vote only for or only against any particular resolution of our Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted;
- (b) we have established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if we enter into connected transactions with our Controlling Shareholders or any of their respective associates, we will comply with the applicable GEM Listing Rules;
- (c) our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholders, and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our independent non-executive Directors for the purpose of their annual review;
- (e) we will disclose decisions on matters reviewed by our independent non-executive Directors either in our annual reports or by way of announcements as required by the GEM Listing Rules;
- (f) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our expense;
- (g) we have appointed Patrons Capital Limited as our compliance advisor to provide advice and guidance to our Group in respect of compliance with the applicable laws and regulations, as well as the GEM Listing Rules, including various requirements relating to corporate governance; and
- (h) we have established an audit committee, remuneration committee and nomination committee with written terms of reference in compliance with the GEM Listing Rules and the Corporate Governance Code in Appendix C1 to the GEM Listing Rules. All of the members of our audit committee, including the chairman, are independent non-executive Directors.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders’ interests after the [REDACTED].

CONNECTED TRANSACTIONS

During the Track Record Period, our Group entered into a lease arrangement with a person who will, upon [REDACTED], become a connected person of our Group.

CONNECTED PERSONS

The table below sets forth the party to the transaction who will become the connected person of our Group upon [REDACTED] and the nature of his relationship with our Group:

Name of the connected persons	Relationship with our Group
Mr. CQ Liu	Mr. CQ Liu is our executive Director and chief executive officer, and one of our Controlling Shareholders, and is therefore a connected person of our Group under Rule 20.07 of the GEM Listing Rules.

RELATED PARTY TRANSACTION BEFORE [REDACTED]

Lease Agreement

Our Group has been leasing the property at 4A, 4/F, Wan Shang Building, Wen Xin Er Road, Yuehai Jiedao, Nanshan District, Shenzhen, Guangdong Province, the PRC (the “**Leased Property**”) from Mr. CQ Liu for office purposes since 1 August 2019. The Leased Property is currently leased to our Group under a lease agreement (the “**Lease Agreement 1C**”). Under the terms of the Lease Agreement 1C currently in effect, the lease period is from 16 November 2025 to 15 November 2026, and the monthly rental is RMB32,980. We intend to continue leasing the Leased Property for office purposes after [REDACTED].

A summary of the Lease Agreement is set out as follows:

No.	Location	Landlord	Tenant	Term	Usage	Approximate GFA	Rental
1.	4A, 4/F, Wan Shang Building, Wen Xin Er Road, Yuehai Jiedao, Nanshan District, Shenzhen, Guangdong Province, the PRC	Mr. CQ Liu	Shenzhen Yueyuan	From 1 August 2019 to 15 November 2026 ^(Note 1)	Office	516.32 sq.m.	(RMB) 395,760 per annum

Note 1: The terms of the two lease agreements preceding Lease Agreement 1C together cover a period from 1 August 2019 to 15 November 2025; and the term of Lease Agreement 1C covers a period from 16 November 2025 to 15 November 2026.

Subject to compliance with the GEM Listing Rules, we intend to negotiate with Mr. CQ Liu for the renewal of the Lease Agreement prior to its expiry.

GEM Listing Rules implications

Pursuant to HKFRS 16, the entering into of the Lease Agreement by our Group as lessee will require our Group to recognise a right-of-use asset in its combined statement of financial position. The Lease Agreement is subject to a fixed term and is regarded as a one-off connected acquisition of a capital asset under the Listing Rules. As the Lease Agreement was entered into prior to the [REDACTED] and the transaction thereunder is one-off in nature, the transaction under the Lease Agreement will not be subject to any of the reporting, announcement, annual review or independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules. In the event that there are any material changes to the terms and conditions of the Lease Agreement, we shall comply with Chapter 20 of the GEM Listing Rules in respect of such agreement as and when appropriate, including, where required, seeking independent shareholders’ approval prior to effectuating such changes.

SHARE CAPITAL

SHARE CAPITAL OF OUR COMPANY

The following is a description of the authorised and issued share capital of our Company as at the date of this document and shares issued or to be issued as fully paid or credited as fully paid immediately following the completion of the [REDACTED] and the [REDACTED]:

Authorised share capital:

		HK\$
[2,000,000,000]	Shares of HK\$0.01 each	[20,000,000]

Issued share capital:

Shares issued or to be issued, fully paid or credited as fully paid (assuming the [REDACTED] is not exercised):

1,000,000	Shares in issue as of the date of this document	10,000
[REDACTED]	Shares to be issued pursuant to the [REDACTED]	[REDACTED]
[REDACTED]	Shares to be issued under the [REDACTED]	[REDACTED]
[REDACTED]	Total	[REDACTED]

Shares issued or to be issued, fully paid or credited as fully paid (assuming the [REDACTED] is exercised in full):

1,000,000	Shares in issue as of the date of this document	10,000
[REDACTED]	Shares to be issued pursuant to the [REDACTED]	[REDACTED]
[REDACTED]	Shares to be issued under the [REDACTED]	[REDACTED]
[REDACTED]	Shares to be issued upon full exercise of the [REDACTED]	[REDACTED]
[REDACTED]	Total	[REDACTED]

Assumptions:

The above table assumes that the [REDACTED] has become unconditional and the Shares are issued pursuant to the [REDACTED] and the [REDACTED]. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme or which may be allotted and issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

SHARE CAPITAL

RANKING

Our Company has only one class of shares, namely ordinary shares, each of which ranks *pari passu* with the other shares. The [REDACTED] will carry the same rights as all Shares in issue or to be issued and, in particular, will qualify for all dividends or other distributions declared, made or paid after the date of this document (save for entitlements to the [REDACTED]).

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Companies Act and the terms of our Memorandum and Articles of Association, our Company may from time to time by ordinary resolution of Shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) subdivide its Shares into Shares of smaller amount; and (iv) cancel any Shares which have not been taken. In addition, our Company may subject to the provisions of the Companies Act reduce its share capital by special resolution of Shareholders. For details, please refer to “Summary of the Constitution of the Company and the Company Laws of the Cayman Islands — 2. Articles of Association — 2.1 Shares — (c) Alteration of Capital” in Appendix III to this document.

Pursuant to the Companies Act and the terms of our Memorandum of Association and our Articles of Association, all or any of the special rights attached to our Shares or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued Shares of that class (excluding treasury shares) or with the approval of a resolution passed by at least three-fourths of the votes cast by the holders at a separate general meeting of the holders of the Shares of that class (excluding treasury shares). For details, please refer to “Summary of the Constitution of the Company and the Company Laws of the Cayman Islands — 2. Articles of Association — 2.1 Shares — (b) Variation of Rights of Existing Shares or Classes of Shares” in Appendix III to this document.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in the section headed “Structure and conditions of the [REDACTED] — Conditions of the [REDACTED]” of this document, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of our Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by our Shareholders) shall not exceed the aggregate of:

- (i) 20% of the total number of our Shares in issue immediately following the completion of the [REDACTED] and the [REDACTED] (not including Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] or any option which may be granted under the Share Option Scheme and treasury Shares held by our Company, if any); and
- (ii) the total number of our Shares repurchased by our Company pursuant to the authority granted to our Directors referred to in the paragraph headed “General Mandate to Repurchase Shares” below in this section.

SHARE CAPITAL

This mandate does not cover Shares to be allotted, issued or dealt with under a rights issue. This mandate will remain in effect until whichever is the earliest of:

- (i) the conclusion of our Company’s next annual general meeting;
- (ii) the expiration of the period within which our Company’s next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; and
- (iii) the passing of an ordinary resolution of the Shareholders in a general meeting revoking, varying or renewing such mandate.

For further details of this general mandate, please refer to “Statutory and General Information — A. Further Information About Our Group — 3. Resolutions in writing of our Shareholders passed on [•]” in Appendix IV to this document.

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on the conditions as stated in the section headed “Structure and conditions of the [REDACTED] — Conditions of the [REDACTED]” in this document, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase such number of Shares as will represent not more than 10% of the total number of Shares in issue immediately following the completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] or any option which may be granted under the Share Option Scheme and treasury Shares held by our Company, if any).

This mandate only relates to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares may be [REDACTED] and which is recognised by the SFC and the Stock Exchange for this purpose, and such repurchases are made in accordance with all applicable laws, rules and regulations and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in “Statutory and General Information — A. Further Information About Our Group — 6. Repurchase of our Shares” in Appendix IV to this document.

This mandate will remain in effect until whichever is the earliest of:

- (i) the conclusion of our Company’s next annual general meeting;
- (ii) the expiration of the period within which our Company’s next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; and
- (iii) the passing of an ordinary resolution of the Shareholders in a general meeting revoking, varying or renewing such mandate.

For further details of this share repurchase mandate, please refer to “Statutory and General Information — A. Further Information About Our Group — 3. Resolutions in writing of our Shareholders passed on [•]” and “A. Further Information About Our Group — 6. Repurchase of our Shares” in Appendix IV to this document.

SHARE CAPITAL

SHARE OPTION SCHEME

Our Company has conditionally approved and adopted the Share Option Scheme, particulars of which are set out in “Statutory and General Information — D. Share Option Scheme” in Appendix IV to this document. As at the Latest Practicable Date, no option has been granted or agreed to be granted under the Share Option Scheme.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account any Share that may be allotted and issued upon exercise of the [REDACTED] or any option that may be granted under the Share Option Scheme), the following persons will have interests or short positions in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Name	Capacity/ Nature of interest	Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the [REDACTED] and the [REDACTED]	
		Number	Approximate %	Number	Approximate %
		(Note 1)		(Note 1)	
Diamond Soars (Note 2) . .	Beneficial owner	529,200 (L)	52.92%	[REDACTED] (L)	[REDACTED]%
Mr. RQ Liu (Note 2)	Interest in a controlled corporation	529,200 (L)	52.92%	[REDACTED] (L)	[REDACTED]%
Ms. Zhu Xiuyin (Note 3)	Interest of spouse	529,200 (L)	52.92%	[REDACTED] (L)	[REDACTED]%
Reliable Profit (Note 4). . .	Beneficial owner	460,800 (L)	46.08%	[REDACTED] (L)	[REDACTED]%
Mr. CQ Liu (Note 4)	Interest in a controlled corporation	460,800 (L)	46.08%	[REDACTED] (L)	[REDACTED]%

Notes:

- (1) The letter “L” denotes a long position in the shareholder’s interest in the share capital of our Company.
- (2) The issued share capital of Diamond Soars is wholly and beneficially owned by Mr. RQ Liu. Therefore, Mr. RQ Liu is deemed to be interested in the Shares in which Diamond Soars is interested for the purpose of the SFO.
- (3) Ms. Zhu Xiuyin is the spouse of Mr. RQ Liu. Accordingly, for the purpose of the SFO, Ms. Zhu Xiuyin is deemed, or taken to be, interested in the Shares in which Mr. RQ Liu is interested.
- (4) The issued share capital of Reliable Profit is wholly and beneficially owned by Mr. CQ Liu. Therefore, Mr. CQ Liu is deemed to be interested in the Shares held by Reliable Profit by virtue of the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the [REDACTED] and the [REDACTED] (without taking into account any Share that may be allotted and issued upon exercise of the [REDACTED] or any option that may be granted under the Share Option Scheme), have interests or short positions in the Shares or the underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial information and notes thereto set forth in the Accountants’ Report included as Appendix I to this document and our selected historical consolidated financial information and operating data included elsewhere in this document. Our consolidated financial information has been prepared in accordance with HKFRSs issued by Hong Kong Institute of Certified Public Accountants. Our financial information and the discussion and analysis below assume that our current structure had been in existence throughout the Track Record Period. For further information in relation to our Group’s structure, please refer to the section headed “History, Reorganisation and Corporate Structure” in this document.

The following discussion and analysis contain certain forward-looking statements that reflect our current views with respect to future events and our financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. Please refer to the sections headed “Risk factors” and “Forward-looking statements” in this document for discussions of those risks and uncertainties.

OVERVIEW

We are an established subcontractor specialising in curtain wall works based in Guangdong Province, the PRC, with over 31 years of operating history. Our curtain wall works involve the design, processing, assembling and installation of customised curtain walls for construction projects in the PRC. Curtain walls are non-load bearing building facades consisting of a mix of lightweight materials such as aluminum, glass, steel and stone hung on the structure of a building and designed to provide a building’s exterior with enhanced aesthetic appeal, improve energy efficiency and protect against external environmental factors such as wind, water, dirt, heat, coldness, noise and light. According to the Industry Report, the overall curtain wall work market is relatively fragmented and in 2025, the top 10 curtain wall companies in the PRC accounted for approximately 6.6% of total industry revenue. Our Group held an approximately 0.1% of market share by revenue in 2025.

We supply different types of curtain wall and ancillary other related articles including metal roof, exterior doors and windows and light-structural steel works which all form parts of the building facade as a combination under our curtain wall projects. We operate a production facility in Huizhou, Guangdong Province, the PRC, for processing customised curtain wall products and ancillary articles.

In June 2021, we initiated a collaborative project with Shenzhen University to develop a nano self-cleaning coating technique for our curtain wall products. As at the Latest Practicable Date, our Group had registered a total of five patents related to this technique in the PRC. According to the Industry Report, the photovoltaics curtain wall market in the PRC is projected to grow at a CAGR of 17.7% from 2026 to 2030. Since December 2023, in view of such industry demand, our Group collaborated on another project with Shenzhen University to develop photovoltaic curtain walls equipped with panels that generate electricity from solar energy. Leveraging this research and development, our Group has completed one curtain wall project with photovoltaic features during the Track Record Period, which serves as our foundation for expansion into the building-integrated photovoltaics market. As at the Latest Practicable Date, our Group had registered two patents and one software copyright, and applied for two patents related to photovoltaic features in the PRC. For further details, please refer to the paragraph headed “Business — Competitive strengths” in this document.

FINANCIAL INFORMATION

For further information about our business and operations, please refer to the section headed “Business” in this document.

BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Please refer to note 2 of the Accountants’ Report set out in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

Our results of operations and financial conditions have been and will continue to be affected by a number of factors as mentioned in the section headed “Risk factors” in this document, and in particular, the following:

Our revenue is mainly derived from projects from our major customers which are non-recurring in nature and there is no guarantee that we will be able to secure new business from our customers

Our revenue is typically derived from projects which are non-recurrent in nature and our customers are under no obligation to award projects to us. Furthermore, we generally derived a significant proportion of our revenue from our major customers. For FY2024, FY2025 and 3M2026, the percentage of our total revenue attributable to our top customer for each year/period during the Track Record Period amounted to approximately 25.7%, 24.2% and 36.0%, respectively, while the percentage of our total revenue attributable to our top five customers for each year/period during the Track Record Period combined amounted to approximately 59.8%, 60.6% and 88.0%, respectively. During the Track Record Period, we secured new businesses mainly through open tenders and invitation for tender by customers. Projects are awarded to us only if our tender submitted is selected by the relevant customer and there is no assurance that we will be able to secure new contracts in the future. Accordingly, the number and scale of projects and the amount of revenue we are able to derive therefrom may vary significantly from period to period, and it may be difficult to forecast the volume of future business. We may not be able to maintain our Group’s profit at historical levels or to an extent that is within our expectation. Our profitability may vary significantly from period to period as a result of the fluctuations in the number and scale of projects awarded to our Group particularly from our major customers. For FY2024, FY2025 and 3M2026, we recorded a tender success rate of approximately 52.4%, 53.1% and 53.8%, respectively. Our Directors consider that our success rate on project tendering depends on a range of factors, which primarily include our pricing and tender strategy, competitors’ pricing and tender strategies, the availability of our resources and subcontractors, level of competition and our customers’ evaluation standards. Furthermore, so far as our Directors are aware, some of our customers particularly those in public sector have maintained an evaluation system based primarily on technical capability, past performance, personnel qualifications, and financial strength.

During FY2024, FY2025 and 3M2026, our Group was awarded with 33, 26, 7 new projects, respectively. As at 31 December 2024, 31 December 2025 and 31 March 2026, our Group had 52, 48 and 38 projects on hand which contributed to project backlog value of approximately RMB754.6 million, RMB441.0 million and RMB770.2 million as at the corresponding date, respectively.

FINANCIAL INFORMATION

There is no assurance that our Group could achieve the same or improved tender success rate in the future as we did during the Track Record Period. In the event that our Group fails to secure new contracts or there is a significant decrease in the number of tender invitations or contracts available for bidding in the future, the business, financial position and prospects of our Group could be materially and adversely affected.

We are subject to credit risk in relation to the collectability of our trade receivables and contract assets

Contract assets primarily relate to our Group’s right to consideration for work completed and not billed because the rights are conditional on our Group’s future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

Our Group recorded contract assets (net of allowance for credit losses) of approximately RMB815.7 million, RMB920.4 million and RMB974.6 million as at 31 December 2024, 31 December 2025 and 31 March 2026, respectively, of which gross retention receivables accounted for approximately RMB615.5 million, RMB558.7 million and RMB552.8 million for the corresponding year/period, respectively. Subject to and depending on the terms of the contract, our customers generally withhold 20% to 30% of the project progress payment before settlement audit. According to the Industry Report, such term of contract is in line with industry practice. Depending on the contract terms, our customers would generally release the majority of the withheld sum to us upon completion of our works to the satisfaction of our customers or project owners and/or upon confirmation of the settlement audit, whilst retaining 3% to 5% of the final settlement amount, as retention money, to be released in instalments during the defects liability period or paid in full upon expiry of the defects liability period.

There is no assurance that we will be able to bill all or any part of the contract assets for our works done according to the payment terms of the contracts and there is no assurance that the retention monies will be released by our customers to us on a timely basis and in full accordingly. For a detailed discussion and the subsequent settlement of our contract assets, please refer to the paragraph headed “Discussion of selected items of the statement of financial position — Contract assets and contract liabilities” in this section.

Further, there can be no assurance that our customers will settle our invoices on time and in full. As at 31 December 2024, 31 December 2025 and 31 March 2026, we recorded trade receivables (net of allowance for credit losses) of approximately RMB231.2 million, RMB184.2 million and RMB185.5 million, respectively. In the event that we are unable to collect a substantial portion of our trade receivables within the payment terms or at all, our cash flows and financial positions will be adversely affected. For FY2024 and FY2025, our Group recognised provision for impairment losses on trade and other receivables and deposits and contract assets of approximately RMB12.5 million and RMB2.0 million, respectively, and for 3M2026, we recorded a reversal of impairment losses on trade and other receivables and deposits and contract assets of approximately RMB4.6 million.

Any difficulty in collecting a substantial portion of our trade receivables and contract assets could materially and adversely affect our cash flows and financial positions.

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Failure to complete our projects on a reliable and timely basis could materially affect our reputation, our financial performance or may subject us to claims

Our Group’s business primarily involves the design, processing, assembling and installation of curtain wall products, which are typically installed on building structures during later stages of property development projects. As a result, the progress of our projects is heavily reliant on the timely completion of prior construction phases.

In the event of delays or interruptions in property projects due to factors such as financial difficulties faced by property developers, adverse economic conditions, regulatory changes, or unforeseen technical challenges, the installation phase of curtain walls may also be delayed. Such delays could result in an extended project timeline, increased operational costs, and potential disputes or claims between us and our clients. Any material failure to cope with the impact of delays in property projects could materially and adversely affect our business, financial condition and results of operations.

Any significant postponements in project completion could result in a decrease in revenue generated for the relevant periods, potentially impacting our cash flow and financial position. Should unfinished or stalled property projects become more prevalent in the market, it could lead to a decrease in new contract opportunities and adversely affect our ability to secure future projects, ultimately compromising our market position and business growth.

Furthermore, the contracts with our customers generally contain a liquidated damages clause under which we are liable to pay liquidated damages to our customers if we are unable to deliver or perform the contractual works within the time specified in the contract. Liquidated damages are generally determined on the basis of a fixed sum per day.

If there is any delay on our part in completion of a project, we may be liable to pay liquidated damages under the contract. There is no assurance that there will not be any delay in our existing and future projects resulting in claims in relation to liquidated damages, which in turn will have adverse impact on our reputation, business, financial condition and results of operations.

Any material inaccurate cost estimation or cost overruns may adversely affect our financial results

Our profitability is inter-correlated with our pricing strategy. For FY2024, FY2025 and 3M2026, our gross profit amounted to approximately RMB93.4 million, RMB79.7 million and RMB15.3 million, respectively; while our gross profit margin was approximately 14.0%, 12.7% and 12.0%, for the corresponding year/period respectively.

Our pricing is generally determined based on certain mark-up over our estimated costs. We estimate our costs to be incurred in a project to determine our tender price. The tender documents provided by our customers may prescribe a ceiling price of tender based on a list of items and works for the completion of the project. As an industry practice, our tender price is usually set below such ceiling price of tender. Our tender pricing is determined on a case-by-case basis having regard to various factors, which generally include (i) the scope of services; (ii) the complexity of the project; (iii) the price trend of the types of materials, subcontracting services and machinery rental services required; (iv) our available production capacity; (v) completion time requested by customers; and (vi) the availability of our labour and financial resources. For further details on our pricing strategy, please refer to the section headed “Business — Pricing strategy” in this document.

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There is no assurance that the actual amount of time and costs incurred during the performance of our projects would not exceed our estimation. The actual amount of time and costs incurred in completing a project may be adversely affected by many factors, including unforeseen site conditions, adverse weather conditions, workplace accidents, non-performance by our subcontractors, unexpected significant increase in costs of materials agreed to be borne by us, unexpected increase in the amount of rectification works requested by our customers and other unforeseen problems and circumstances. Any material inaccurate estimation in the time and costs involved in a project may give rise to delays in completion of works and/or cost overruns, which in turn may materially and adversely affect our Group’s financial condition, profitability and liquidity.

Potential mismatch in time between receipt of progress payments from our customers, payment of project up-front costs, and payments to our suppliers may adversely affect our cash flows

Our customers under lump sum contracts generally make progress payments according to our work progress. We may experience net cash outflows as project up-front costs at the preliminary stage of a project. The up-front costs of our projects generally include subcontracting fees for work done by subcontractors and payment made to suppliers for materials.

Furthermore, there may be a timing difference between (i) the progress payments received from our customers; and (ii) the progress payments made to our subcontractors and payments made to our suppliers of materials. For FY2024, FY2025 and 3M2026, our average turnover days of trade receivables and contract assets was approximately 306.0 days, 329.3 days and 466.8 days, respectively, and our average turnover days of trade payables was approximately 337.1 days, 390.8 days and 489.6 days, respectively. In addition, our customers may withhold our progress payments as retention monies which may only be released after the expiry of the defects liability period. As at 31 December 2024, 31 December 2025 and 3M2026, our gross retention receivables of approximately RMB615.5 million, RMB558.7 million and RMB552.8 million, respectively, were retained by our customers as retention monies.

When we undertake a new project without advance payment from customers, we generally experience net cash outflows during the period when we first incur up-front costs until we generate sufficient positive monthly cash inflow in respect of such project. The specific amount of up-front costs incurred may vary from project to project, depending on the scale of the project, the schedule of project implementation and the length of our business relationships with the relevant customers. In addition, we may experience cash flow mismatch from time to time as our projects progress, which largely depend on (i) our customers’ internal certification process of our payment applications and internal approval process of our invoices; (ii) the settlement timeframe to our suppliers; and (iii) the number and scale of our projects in progress. The liquidity needs of our projects would therefore impose a constraint on the number and/or scale of the projects which we could undertake concurrently if we solely rely on our operating cash flow to support our expansion.

Our customers generally make progress payments according to our work progress, and such payments are required to be certified by our customers before settlement. It is the industry practice that the customers generally withhold 20% to 30% of the project progress payment before settlement audit. Depending on the contract terms, our customers would generally release the majority of the withheld sum to us upon completion of our works to the satisfaction of our customers or project owners and/or upon confirmation of the settlement audit, whilst retaining 3% to 5% of the final settlement amount, as retention money, to be released in instalments during the defects liability period or paid in full upon expiry of the defects liability period. For further information on the payment terms with our customers, please refer to the section headed “Business — Our customers — Principal terms of engagement” in this document.

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Accordingly, our cash flow typically turns from net outflows at the early stage of a project into accumulative net inflows gradually as the project progresses. This results in a cash flow gap and in the event that we have more projects at the initial stage or that a substantial amount of retention monies from various projects are being withheld by our customers at any given point of time, our liquidity may be materially and adversely affected.

If we are unable to continue to be qualified for preferential income tax rate, our profitability and results of operation may be materially and adversely affected

Shenzhen Yueyuan, our principal operating subsidiary, is recognised as a “High and New Technology Enterprise” (高新技術企業) by the Industry and Information Technology Bureau of Shenzhen Municipality (深圳市工業和信息化局), the Finance Bureau of Shenzhen Municipality (深圳市財政局) and the Shenzhen Tax Service, State Taxation Administration (國家稅務總局深圳市稅務局). As a result of holding of such certificate, Shenzhen Yueyuan was entitled to a preferential income tax rate of 15% during the Track Record Period.

The relevant PRC Government authorities will take into account various factors in determining whether to award or renew any “High and New Technology Enterprise” certificate, and there is no assurance that Shenzhen Yueyuan will be successful in renewing the aforesaid certificate. For further details, please refer to the section headed “Regulatory overview — Laws and regulations relating to taxation — Enterprise Income Tax (“EIT”)”. Should the relevant PRC Government authorities refuse to renew Shenzhen Yueyuan’s status as a “High and New Technology Enterprise”, Shenzhen Yueyuan will cease to be entitled to such preferential tax treatment and will be required to pay income tax at the regular rate of 25%. Under such circumstances, our profitability and results of operation may be adversely affected.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The principal accounting policies applied in the preparation of the financial information of our Group are in accordance with HKFRS. The material accounting policy information of our Group are set forth in detail in note 4 to the Accountants’ Report set out in Appendix I to this document.

Some of the accounting policies involve judgements, estimates and assumptions made by our management. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Further information regarding the key judgements made in applying our accounting policies are set forth in note 4 to the Accountants’ Report set out in Appendix I to this document.

Progress towards completion of construction works

Our Group recognises its contract revenue over time by reference to the progress towards complete satisfaction of a performance obligation of the end of the reporting period, measured based on the surveys of work performed to date of the individual contract of construction works relative to total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting period. Our Group reviews and revises the estimates of contract revenue, contract costs and variation orders prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue.

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Impairment assessment of trade receivables and contract assets

The policy for impairment of trade receivables and contract assets of our Group is based on the evaluation of collectability and ageing analysis of trade receivables and contract assets as well as other quantitative and qualitative information and on management’s judgement and assessment of the forward-looking information. Significant judgement and estimates are required in assessing the ultimate realisation of these assets, based on the current creditworthiness, the past collection history and subsequent settlements of each customer. If the financial conditions of customers of our Group and the future economic conditions were to deteriorate, resulting in an impairment of their ability to make payments, additional provisions may be required.

SUMMARY OF RESULTS OF OPERATIONS

The consolidated statements of comprehensive income for the years/periods indicated are summarised below, which have been extracted from the Accountants’ Report set out in Appendix I to this document:

Consolidated statements of profit or loss and other comprehensive income

	FY2024	FY2025	3M2025	3M2026
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	664,661	627,161	126,934	127,584
Cost of sales	(571,295)	(547,462)	(111,689)	(112,296)
Gross profit	93,366	79,699	15,245	15,288
Other income and losses	2,193	881	519	163
Selling expenses	(1,058)	(1,030)	(240)	(203)
Administrative expenses	(59,706)	(52,969)	(10,402)	(13,970)
(Provision for)/reversal of impairment losses on trade and other receivables and contract assets	(12,492)	(2,034)	5,426	4,604
Finance costs	(4,619)	(3,553)	(1,438)	(608)
Profit before taxation	17,684	20,994	9,110	5,274
Income tax expense	(535)	(1,655)	(1,869)	(193)
Profit and total comprehensive income for the year	17,149	19,339	7,241	5,081
Profit and total comprehensive income for the year attributable to:				
Owners of the Company	16,129	18,189	6,811	4,779
Non-controlling interests	1,020	1,150	430	302
	17,149	19,339	7,241	5,081

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PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

During the Track Record Period, our Group’s revenue was derived from our services for the provision of curtain wall works in the PRC.

The table below sets forth a breakdown of our revenue for the years/periods indicated by reference to project sectors:

	FY2024	FY2025	3M2025	3M2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Public sector	301,306	192,555	35,226	77,045
Private sector	363,355	434,606	91,708	50,539
Total	<u>664,661</u>	<u>627,161</u>	<u>126,934</u>	<u>127,584</u>

For FY2025, our Group’s revenue decreased by approximately RMB37.5 million or 5.6% mainly due to (i) Project No. #02, being one of our top projects for both FY2024 and FY2025 involving a public sector residential development project with increase amount of works performed in FY2025 as compared to FY2024 due to substantial completion of the project in FY2025; (ii) substantial amount of works performed in FY2025 for Project No. #07, being a a private sector school renovation project which generated approximately RMB43.2 million in revenue for FY2025, Project No. #08, a private sector commercial development project which generated approximately RMB34.9 million in revenue for FY2025, and Project No. #13, a private sector commercial development project which generated approximately RMB31.9 million in revenue for FY2025. On the other hand, the Group’s revenue generated from public sector decreased by approximately RMB108.8 million or 36.0% from FY2024 to FY2025. Such decrease was mainly due to Project #01, a public sector commercial development project located in Shenzhen which experienced a reduction in work volume in FY2025 as the project neared completion. Revenue generated from this project for FY2024 was approximately RMB171.1 million as compared to RMB46.4 million for FY2025.

Our revenue for 3M2026 increased by approximately RMB0.7 million or 0.5% as compared to 3M2025. This stable revenue performance was primarily characterized by a significant shift in sector contribution, with public sector revenue experiencing substantial growth. This growth was driven by the active execution of Project #09, which contributed RMB45.9 million, representing 36.0% of our total revenue for 3M2026. This increase in public sector revenue was offset by a decrease in private sector revenue, which occurred because several large-scale private projects from the previous period had neared completion or were completed. This decline was only partially offset by ongoing private sector work, such as Project #08, which contributed RMB16.1 million, representing 12.6% of our total revenue for 3M2026.

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Cost of sales

The table below sets forth a breakdown of our cost of sales for the years/periods indicated:

	FY2024		FY2025		3M2025		3M2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(unaudited)			
Materials	328,035	57.4	364,855	66.6	59,480	53.3	67,001	59.6
Subcontracting of sitework	220,306	38.6	163,554	29.9	47,379	42.4	39,065	34.8
Direct labour costs	7,452	1.3	6,120	1.1	1,579	1.4	2,147	1.9
Rental of machinery	7,035	1.3	4,535	0.8	863	0.8	884	0.8
Depreciation expenses	2,296	0.4	2,132	0.4	532	0.5	532	0.5
Others	6,171	1.0	6,266	1.2	1,856	1.6	2,667	2.4
Total.	<u>571,295</u>	<u>100.0</u>	<u>547,462</u>	<u>100.0</u>	<u>111,689</u>	<u>100.0</u>	<u>112,296</u>	<u>100.0</u>

Cost of materials

Cost of materials represented costs for procuring materials required for performing our curtain wall works. Cost of materials are a major component of our cost of sales, accounting for approximately 57.4%, 66.6%, 53.3% and 59.6% of our total cost of sales for FY2024, FY2025, 3M2025 and 3M2026, respectively. The major types of materials sourced by us included glass, steel, aluminum, stone and hardware materials. We typically incur relatively more cost of materials at the initial stage of a project as we have to procure the required materials in anticipation of the processing works. We generally enter into framework supply agreements with our suppliers on a project-by-project basis. During the contract term of the framework supply agreement, we are entitled to place purchase orders with the supplier for procurement of materials at the specified pre-agreed unit price.

Cost of materials increased by approximately RMB36.8 million or 11.2% from FY2024 to FY2025, despite the decrease in revenue during the period, which was mainly due to the works involved in Project No. #02 and Project No. #14, which required more raw material for FY2025.

Cost of materials increased by approximately RMB7.5 million or 12.6% from 3M2025 to 3M2026 which was due to the works involved in Project No. #10 and Project No. #15, which required less raw material but more labour for 3M2026.

Subcontracting of sitework

Subcontracting of sitework represented the costs for engaging subcontractors to perform curtain wall assembly and installation at the construction sites on a project-by-project basis. Subcontracting of sitework are also a major component of our cost of sales, accounting for approximately 38.6%, 29.9%, 42.4% and 34.8% of our total cost of sales for FY2024, FY2025, 3M2025 and 3M2026, respectively. We typically incur relatively more subcontracting fees at the advanced stage (i.e. installation and assembly works) of a project as more labour works are involved.

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Subcontracting of sitework decreased by approximately RMB56.8 million or 25.8% from FY2024 to FY2025, which was mainly attributable to certain major projects such as Project No. #01 and Project No. #03 were at its core construction stage that require relatively less ancillary construction services, the construction subcontracting costs decreased to a similar level as FY2019.

Subcontracting of sitework decreased by approximately RMB8.3 million or 17.5% from 3M2025 to 3M2026, which was mainly attributable to the use of more construction subcontractors for performance of non-major parts of our construction process and other ancillary construction services for some projects for which the major part of construction has been completed, such as Project No. #02 and Project No. #06.

Direct labour costs

Direct labour costs represented our salaries and benefits provided to our staff who were directly involved in carrying out curtain wall works, and our staff who were responsible for project management, procurement, budgeting and production.

Rental of machinery

Rental of machinery costs represented the rental of machinery, such as mobile elevating work platforms and boom lifts, to be used at certain construction sites as required.

Depreciation expenses

Depreciation expenses represented depreciation of right-of-use assets and property, plant and equipment which were related to our leased production facility located at Huizhou, Guangdong Province, the PRC.

Others

Others represented various miscellaneous expenses relevant to the provision of our curtain wall works, such as subcontracting fees for curtain wall processing works, testing and transportation expenses.

Sensitivity analysis

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of cost of materials and subcontracting fees (being the major components of our costs of sales) on our profit before tax during the Track Record Period. The hypothetical fluctuation rates for material costs are set at 0.6% and 6.5%, which correspond to the approximate minimum and maximum CAGR for the price index of aluminum, glass, steel and stone (being the major components of our cost of materials) in the PRC, respectively, from 2020 to 2025 as stated in the Industry Report (please refer to the section headed “Industry Overview — Cost analysis” in this document) and are therefore considered reasonable for the purpose of this sensitivity analysis. The hypothetical fluctuation rates for subcontracting fees are set at 4.2% and 5.6%, which correspond to the approximate minimum and maximum CAGR for the average monthly salary of major types of worker engaged in the curtain wall industry in the PRC, respectively, from 2020 to 2025 as stated in the Industry Report (please refer to the section headed “Industry Overview — Cost analysis” in this document) and are therefore considered reasonable for the purpose of this sensitivity analysis.

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Hypothetical fluctuations in our costs of materials	FY2024	FY2025	3M2026
Increase/(decrease) in profit before taxation (Note)	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
±0.6%	1,968	2,189	402
±6.5%	21,322	23,716	4,355
Hypothetical fluctuations in our subcontracting fees	FY2024	FY2025	3M2026
Increase/(decrease) in profit before taxation (Note)	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
±4.2%	9,253	6,869	1,641
±5.6%	12,337	9,159	2,188

Note: Our profit before taxation was approximately RMB17.7 million, approximately RMB21.0 million and approximately RMB5.3 million for FY2024, FY2025 and 3M2026, respectively.

Gross profit and gross profit margin

Our gross profit was approximately RMB93.4 million, RMB79.7 million, RMB15.3 million and RMB15.3 million for FY2024, FY2025, 3M2025 and 3M2026, respectively. Our gross profit margin was approximately 14.0%, 12.7%, 12.0% and 12.0% for FY2024, FY2025, 3M2025 and 3M2026, respectively. Our gross profit margin decreased from FY2024 to FY2025 and remained at a relatively stable percentage thereafter during the Track Record Period. The relatively higher gross profit margin for FY2024 was mainly due to certain projects which were in the advanced stage during FY2024 and hence incurred relatively lower raw material costs during the same period.

Our gross profit margin for public sector projects was approximately 22.0%, 11.4% and 16.9% for FY2024, FY2025 and 3M2026, respectively. The relatively higher gross profit margin of approximately 22.0% for public sector projects during FY2024 was mainly attributable to Project No. #01, being our top project for FY2024. For FY2024, Project No. #01 generated revenue of approximately RMB171.1 million, representing approximately 25.7% of our total revenue during the corresponding year. In general, our Group incurs a relatively higher cost of materials for curtain wall processing works at the early stage of a project. Given Project No. #01 had approached a relatively advanced stage in terms of project implementation in FY2024, which contributed RMB52.2 million gross profit resulting in a relatively higher gross profit margin attributable to Project No. #01. The decrease in gross profit margin to 12.7% in FY2025 was primarily due to Project No. #02 entering its peak material-intensive phase. For 3M2026, the Group incurred substantial raw material costs for Project No. #22, which typically yield lower margins.

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Other income and losses

The table below sets forth a breakdown of our other income during the Track Record Period:

	FY2024	FY2025	3M2025	3M2026
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest income	47	7	4	2
Rental income	111	—	—	—
Government grants	309	372	6	7
Fair value change in investment properties	(310)	(260)	—	(10)
Gain on disposal of investment properties	—	197	197	—
Gain on termination of leases	1,596	—	—	—
Others	440	565	312	164
	<u>2,193</u>	<u>881</u>	<u>519</u>	<u>163</u>

Rental income

Rental income represented the rental income generated from the leases of investment properties located at Chengdu City, Sichuan Province, the PRC, to independent third parties during the Track Record Period. As the relevant investment properties were disposed of in January 2025, we recorded a gain on disposal of investment properties in FY2025 and ceased to generate rental income.

Government grants

Government grants which mainly included subsidies received from various local government authorities in the PRC for its support to the research and innovation development, environmental housing construction and other employment support.

The government grants mainly comprised the research and development subsidy from the Shenzhen Nanshan District Science and Technology Innovation Bureau (深圳市南山區科技創新局) of approximately RMB0.3 million, RMB0.4 million and nil in FY2024, FY2025 and 3M2026. Such subsidy was granted based on the amount spent on research and development for each year.

Others

Others represented other income generated within our Group's ordinary and usual course of business, which mainly included (i) compensation and interest arising from the court cases where the Group acted as the plaintiff; (ii) discount received from suppliers; (iii) amount due from our Group to related party forfeited by that related party.

Others increased from approximately RMB0.4 million, RMB0.6 million for FY2024 and FY2025 and decreased to RMB0.2 million for 3M2026 mainly due to the interest of RMB0.4 million, RMB0.5 million and nil received by our Group arising from a construction contract dispute for FY2024, FY2025 and 3M2026.

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Selling expenses

Selling expenses mainly represented the salaries, allowances, other benefits and contributions to retirement benefit scheme provided to our staff in our business department, and entertainment spendings incurred in relation to building customer relationship.

The table below sets forth a breakdown of our selling expenses during the Track Record Period:

	FY2024	FY2025	3M2025	3M2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other benefits	936	918	230	203
Entertainment	6	16	—	—
Office and utility expenses	76	96	10	—
Transportation and travelling expenses	40	—	—	—
Total	<u>1,058</u>	<u>1,030</u>	<u>240</u>	<u>203</u>

The selling expenses remained relatively stable from FY2024 to FY2025 and from 3M2025 to 3M2026.

Administrative expenses

The table below sets forth a breakdown of our administrative expenses during the Track Record Period:

	FY2024		FY2025		3M2025		3M2026	
	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Research and development costs	25,116	42.2	26,707	50.4	3,080	29.6	6,434	46.1
Travelling expenses	347	0.6	320	0.6	74	0.8	106	0.8
Staff costs (including directors' emoluments)	7,639	12.8	5,523	10.4	1,494	14.4	680	4.9
Legal and professional fees	16,567	27.7	6,992	13.2	2,677	25.7	549	3.9
Provision for litigation liabilities	—	—	5,638	10.6	504	4.8	3,273	23.4
Depreciation expenses	985	1.6	676	1.3	218	2.1	78	0.6
[REDACTED]	2,708	4.5	1,943	3.7	459	4.4	625	4.5
Others	6,344	10.6	5,170	9.8	1,896	18.2	2,225	15.8
Total	<u>59,706</u>	<u>100.0</u>	<u>52,969</u>	<u>100.0</u>	<u>10,402</u>	<u>100.0</u>	<u>13,970</u>	<u>100.0</u>

Staff costs (including directors' emoluments)

Staff costs (including directors' emoluments) represented the salaries, allowances, other benefits and contributions to retirement benefit scheme provided to our Directors, and administration and finance staff.

Research and development costs

Research and development costs represented costs incurred in relation to research and development projects to develop new curtain wall products and techniques, which mainly included material costs, and salaries and benefits provided to our staff who were directly involved in carrying out research and development projects.

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The following table sets forth a breakdown of our research and development costs during the Track Record Period:

	FY2024	FY2025	3M2025	3M2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Materials	17,798	18,851	1,622	3,308
Rental of equipment	2,023	1,286	330	102
Salaries, wages and other benefits	4,454	4,178	1,050	931
Others ^(Note)	841	2,392	78	2,093
Total	25,116	26,707	3,080	6,434

Note: Others include, insurance costs, fuel and electricity expenses, inspection and trial costs, and design fee.

During the Track Record period, we incurred expenses in raw materials, rental of equipment, manpower and other resources in our research and development projects. Our research and development expenses decreased from approximately RMB25.1 million in FY2024 to RMB26.8 million in FY2025, which was mainly attributable to the increase in the raw materials from approximately RMB17.8 million to RMB18.9 million.

Our research and development expenses increased by approximately RMB3.3 million or 108.9% from approximately RMB3.1 million in 3M2025 to approximately RMB6.4 million in 3M2026.

In recognition of our research and development capabilities, achievements and initiatives, Shenzhen Yueyuan, our principal subsidiary has been accredited as “High and New Technology Enterprise (高新技術企業)” in 2016, and has been enjoying a preferential EIT rate of 15%, (as compared to the standard EIT rate of 25%).

Travelling expenses

Travelling expenses represented costs incurred by our staff to negotiate with new customers and supervision of our projects in different locations. The decreasing trend of travelling expenses was mainly due to (i) more of our revenue generating projects during such periods being in South China which includes the Guangdong Province where our Group is based and thus incurring less travelling expenses; and (ii) tighter cost control.

Legal and professional fees

Legal and professional fees mainly represented attorneys’ fees and litigation costs incurred for claims and litigations in our ordinary course of business during the Track Record Period.

Provision for litigation liabilities

Provision for litigation liabilities represented provision made for litigation cases and these cases were still in progress as at the Latest Practicable Date.

[REDACTED]

[REDACTED] represented professional services fees incurred for the purpose of [REDACTED]. We incurred [REDACTED] of approximately RMB2.7 million, RMB1.9 million, RMB0.5 million and RMB0.6 million for FY2024, FY2025, 3M2025 and 3M2026, respectively.

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Depreciation expenses

Depreciation expenses represented depreciation of right-of-use assets and property, plant and equipment which were related to our leased office located at Shenzhen, Guangdong Province.

Others

Others represented other administrative expenses, such as insurance expenses, motor vehicles expenses, office and utility expenses, transportation expenses and sundry expenses.

The table below sets forth a breakdown of others during the Track Record Period:

	FY2024	FY2025	3M2025	3M2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Other tax	416	510	217	92
Audit and consultancy fee	1,357	655	530	425
Office and utility expenses	2,331	1,921	616	435
Motor vehicle and transportation expenses	347	462	137	481
Sundry expenses	1,893	1,622	396	792
	<u>6,344</u>	<u>5,170</u>	<u>1,896</u>	<u>2,225</u>

Our others during the Track Record Period mainly comprised:

- (i) other tax, which represented tax expenses including stamp duty, urban maintenance and construction tax, educational surcharge and other tax surcharge;
- (ii) audit and consultancy fee, which represented fees incurred for audit and consultancy services;
- (iii) office and utility expenses, which represented the expenses incurred for utility, telecommunication, training to our staff, stationery and printing, etc.;
- (iv) motor vehicle and transportation expenses, which represented the transportation expenses incurred by our administration staff for our Group’s daily business operations; and
- (v) sundry expenses, which represented the other administrative expenses, such as bank charges and sundry expenses.

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(Provision for)/reversal of impairment losses on trade and other receivables and contract assets

Our total (provision)/reversal of for impairment losses on trade and other receivables and contract assets amounted to approximately RMB12.5 million and RMB2.0 million during FY2024 and FY2025, respectively, and we recorded a reversal of impairment losses on trade and other receivables and contract assets of approximately RMB4.6 million during 3M2026. The table below sets forth a breakdown of provision for/(reversal of) impairment losses on trade and other receivables and contract assets during the Track Record Period:

	FY2024	FY2025	3M2025	3M2026
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
(Reversal of)/provision for impairment losses on contract assets	(19,024)	3,807	(5,710)	4,145
Provision for/(reversal of) impairment losses on trade receivables	34,780	(1,168)	(2,438)	(8,772)
(Reversal of) impairment losses on bills receivables	(295)	—	—	—
(Reversal of)/provision for impairment losses on other receivables and deposits	(2,969)	(605)	2,722	23
	<u>12,492</u>	<u>2,034</u>	<u>(5,426)</u>	<u>(4,604)</u>

Our Group recognises loss allowances for ECL on financial assets including trade receivables, other receivables and deposits, and contract assets, which are subject to impairment assessment under HKFRS 9. Our Group applies simplified approach prescribed by HKFRS 9 to measure ECL which uses a lifetime expected loss allowance for all of our trade receivables and contract assets. The ECL on financial assets are based on assumptions about expected credit loss rates. Please refer to note 30(b) of the Accountants' Report set out in Appendix I to this document.

The expected credit loss rates for financial assets are estimated by our Directors based on the default rates from international credit rating agencies (e.g. Moody's Ratings) for the industries of the relevant debtors, the relevant debtor's creditworthiness (based on historical repayment pattern) and ageing of assets, and are adjusted with forward-looking information (e.g. gross domestic product rate) that is available without undue cost or effort. Our Directors consider that the expected credit loss rates were derived in an appropriate basis.

During FY2024, our bottom-line profit was heavily pressured by a massive bad debt provision of RMB34.6 million. This significant charge was the result of:

- A strict, conservative cleanup of long-overdue aging buckets and legacy accounts that showed collection delays amid broader market tight liquidity.
- A proactive decision by management to fortify the balance sheet by fully provisioning for several high-risk customer segments.

For FY2025, we changed our strategy. What we do to make the reversal? Just we made huge provision before and will be better in the later period?

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Finance costs

The table below sets forth a breakdown of our finance costs during the Track Record Period:

	FY2024	FY2025	3M2025	3M2026
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest on bank borrowings	2,582	1,231	340	287
Interest on factoring loan	752	813	494	1
Interest on other borrowings	—	556	355	100
Interest on lease liabilities	1,285	953	249	220
	<u>4,619</u>	<u>3,553</u>	<u>1,438</u>	<u>608</u>

Our finance costs represent interest expenses on bank borrowings, factoring loan, other borrowings and lease liabilities. Other borrowings consist of short-term loans that were obtained from private lenders to help alleviate cash flow pressure when they need to advance funds for purchasing materials and paying labor costs before receiving payment from the client during project construction. For further details of our bank borrowings and lease liabilities, please refer to the paragraph headed “Indebtedness” in this section.

Our interest on bank borrowings decreased by approximately RMB1.4 million from FY2024 to FY2025, which was in line with the decrease in bank borrowings during FY2025. Our interest on factoring loan fluctuated according to the amount of receivables factored to banks and financial institutions during the respective year/period. Our interest on lease liabilities decreased from approximately RMB1.3 million for FY2024 to approximately RMB1.0 million for FY2025 which was mainly due to the reduction in the leased area for our production facility and staff dormitory in 2025.

Income tax expense

Our income tax expense consist principally of PRC enterprise income tax and movements in deferred tax assets. For FY2024, FY2025 and 3M2026, our income tax expense amounted to approximately RMB0.6 million, RMB1.7 million and RMB0.2 million, respectively, and our effective tax rate for the corresponding periods was approximately 3.02%, 7.88% and 3.66%, respectively. Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%, except for one of our subsidiaries, Shenzhen Yueyuan. Shenzhen Yueyuan became qualified as a high and new technology enterprise (“**HNTE**”) on 21 November 2016 and renewed its HNTE certification in 2019, 2022 and 2025. Shenzhen Yueyuan was eligible for 15% preferential tax rate effective during the Track Record Period. Our lower effective tax rates as compared to 15% preferential tax rate for FY2024, FY2025 and 3M2026 was mainly due to the income tax credit arising from deferred tax assets recognised for the ECL provision, which lowered the total income tax expense for the respective year/period.

Profit and total comprehensive income

For FY2024, FY2025, 3M2025 and 3M2026, our profit and total comprehensive income amounted to approximately RMB17.1 million, RMB19.3 million, RMB7.2 million and RMB5.1 million, respectively, and our net profit margin was approximately 2.6%, 3.1%, 5.7% and 4.0% for the respective periods.

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Our profit and total comprehensive income increased by approximately RMB2.2 million from FY2024 to FY2025 mainly due to the decrease in administrative expenses, finance cost and impairment losses, and partially offset by the decrease in gross profit.

Our profit and total comprehensive income decreased by approximately RMB2.1 million from 3M2025 to 3M2026 mainly due to the reversal of impairment losses on trade and other receivables and contract assets and partially offset by the decrease in administrative expenses and finance cost.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of funds have historically been our equity capital, cash generated from our operations and bank borrowings. Our primary liquidity requirements are to finance our working capital needs and fund our capital expenditures and growth of our operations. Going forward, we expect these sources to continue to be our principal sources of liquidity, and we may use a portion of the [REDACTED] from the [REDACTED] to finance a portion of our liquidity requirements.

As at 30 April 2026, being the latest practicable date for the purpose of the disclosure of our liquidity position, we had bank balances and cash of approximately RMB6.8 million and we had unutilised banking facilities of approximately nil.

Cash flows

The following table sets forth a summary of our combined statements of cash flows for the periods indicated:

	FY2024	FY2025	3M2025	3M2026
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Net cash generated from operating activities	38,741	10,600	4,255	996
Net cash generated from investing activities	56	3,224	3,221	2
Net cash used in financing activities . . .	(33,105)	(13,630)	(10,282)	(9,151)
Net increase/(decrease) in cash and cash equivalent	5,692	194	(2,806)	(8,153)
Cash and cash equivalents at beginning of the year/period	2,534	8,226	8,226	8,420
Cash and cash equivalents at end of the year/period	8,226	8,420	5,420	267

Cash flows from operating activities

Our operating cash inflows are primarily derived from our revenue from curtain wall works in the PRC, whereas our operating cash outflows mainly include payment for subcontracting fees, purchase of materials, direct labour costs, as well as other working capital needs.

Net cash used in operating activities primarily consisted of profit before taxation adjusted for finance costs, interest income, depreciation of property, plant and equipment, depreciation of right-of-use assets, written-off on property, plant and equipment and provision for/reversal of impairment losses on contract assets, trade receivables, bill receivables, other receivables and deposits

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as well as fair value changes of investment properties, and the effect of changes in working capital such as the changes in trade and other receivables, contract assets, restricted bank balance, trade and other payables, amount due to a director and contract liabilities.

For FY2024, we recorded profit before taxation of approximately RMB17.7 million and net cash flows generated from operating activities of approximately RMB38.7 million, which was mainly resulted from the positive adjustment mainly due to (i) the increase in trade and other payables by approximately RMB173.9 million; (ii) decrease in restricted bank balance by approximately RMB28.1 million; (iii) provision for impairment losses on trade receivables of approximately RMB34.8 million; and (iv) decrease in contract assets by approximately RMB6.1 million; and partly offset by the negative adjustment mainly due to (i) increase in trade and other receivables by approximately RMB181.9 million; (ii) reversal of impairment losses on contract assets by approximately RMB19.0 million; and (iii) decrease in contract liabilities by approximately RMB24.3 million.

For FY2025 we recorded profit before taxation of approximately RMB20.9 million and net cash flows generated from operating activities of approximately RMB10.6 million, which was mainly resulted from the positive adjustment mainly due to (i) the increase in trade and other payables by approximately RMB227.0 million; (ii) the increase in contract liabilities by approximately RMB33.5 million; (iii) decrease in restricted bank balance by approximately RMB13.6 million; and partly offset by the negative adjustment mainly due to (i) increase in contract assets by approximately RMB240.4 million; (ii) increase in trade and other receivables by approximately RMB49.3 million.

For 3M2025 we recorded profit before taxation of approximately RMB9.1 million and net cash flows generated from operating activities of approximately RMB4.3 million, which was mainly resulted from the positive adjustment mainly due to (i) increase in contract liabilities by approximately RMB69.7 million; (ii) decrease in restricted bank balance by approximately RMB9.6 million; and partly offset by the negative adjustment mainly due to (i) the decrease in trade and other payables by approximately RMB46.1 million; and (ii) increase in contract assets by approximately RMB30.8 million.

For 3M2026 we recorded profit before taxation of approximately RMB5.3 million and net cash flows generated from operating activities of approximately RMB1.0 million, which was mainly resulted from the positive adjustment mainly due to (i) the increase in trade and other payables by approximately RMB67.4 million; (ii) increase in contract liabilities by approximately RMB5.6 million; and partly offset by the negative adjustment due to (i) increase in contract assets by approximately RMB66.1 million; and (ii) increase in trade and other receivables by approximately RMB6.6 million.

To further improve our operating cash flow position in the future, we plan to adopt a series of measures to improve our operating cashflow position going forward by increasing our cash inflow and reducing our cash outflow. For increasing our cash inflow, we plan to (i) negotiate with our customers for a higher proportion of upfront progress payments and a tighter payment schedule; (ii) further enhance our project management and control procedures to facilitate the billing process by designating our finance department to regularly review the ageing of trade receivables and report any long overdue receivables to our management. Our Group will set up task forces to monitor the settlement audit process of completed projects, and may also consider initiating legal actions to collect trade receivables for completed projects which have higher risk of default or has been overdue for over one year.

For reducing our cash outflow, we plan to (i) manage our cash flow by negotiating with our suppliers and subcontractors for extending the payment dates such that we could first receive payment from our customers before settling the payment for our suppliers; (ii) enhance our procurement for better cost control, including formulating procurement plan with respect to each project which shall be

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approved by the management, closely monitoring and analysing the difference between the procurement plan and the actual procurement and taking prompt remedial actions if necessary; and (iii) enhance our internal control for minimising unnecessary expenses by monitoring the budget plan for business development and the actual costs incurred for travel or other related costs from time to time.

Cash flows from investing activities

During the Track Record Period, our cash inflows from investing activities include interest received and proceeds from disposal of investment properties, while our cash outflows from investing activities consist of purchases of property, plant and equipment.

For FY2024, and 3M2026, we recorded net cash generated from investing activities of approximately RMB56,000 and RMB2,000, respectively, which was mainly due to the interest received.

For 3M2025 and FY2025, we recorded net cash generated from investing activities of approximately RMB3.2 million and RMB3.2 million, respectively, which was mainly due to the disposal of investment properties, being certain properties in Chengdu City, Sichuan Province in 2025 for cash consideration of approximately RMB3.2 million.

Cash flows from financing activities

During the Track Record Period, our cash inflows from financing activities include proceeds from bank borrowings, while our cash outflows from investing activities consist of interest paid, repayment of bank borrowings and principal elements of lease payments.

For FY2024, we recorded net cash used in financing activities of approximately RMB33.1 million, which was due to (i) repayments of bank borrowings of approximately RMB54.5 million; (ii) principal elements of lease payments of approximately RMB2.0 million; and (iii) interest paid of approximately RMB4.6 million; while such cash outflows were partially offset by the proceeds from bank borrowings of approximately RMB28.0 million.

For FY2025, we recorded net cash used in financing activities of approximately RMB13.6 million, which was due to (i) repayments of bank borrowings of approximately RMB34.5 million; (ii) principal elements of lease payments of approximately RMB1.6 million; and (iii) interest paid of approximately RMB3.6 million; while such cash outflows were partially offset by the proceeds from bank borrowings of approximately RMB26.0 million.

For 3M2025, we recorded net cash used in financing activities of approximately RMB10.3 million, which was due to (i) repayments of bank borrowings of approximately RMB34.5 million; (ii) principal elements of lease payments of approximately RMB0.4 million; and (iii) interest paid of approximately RMB1.4 million; while such cash outflows were partially offset by the proceeds from bank borrowings of approximately RMB26.0 million.

For 3M2026, we recorded net cash used in financing activities of approximately RMB9.2 million, which was due to (i) repayments of bank borrowings of approximately RMB16.0 million; (ii) principal elements of lease payments of approximately RMB0.3 million; and (iii) interest paid of approximately RMB0.6 million; while such cash outflows were partially offset by the proceeds from bank borrowings of approximately RMB7.8 million.

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CAPITAL EXPENDITURE

Capital expenditure primarily comprised of expenditures on plants and machineries, furniture, fixtures and office equipment, motor vehicles and leasehold improvement during the Track Record Period.

SUFFICIENCY OF WORKING CAPITAL

Our Directors are of the opinion and the Sole Sponsor concurs that, taking into consideration our internal resources and banking facilities presently available to our Group, including our existing cash and cash equivalents, cash generated from our operations, available banking facilities, and the estimated net [REDACTED] to be received by us from the [REDACTED], our Group has sufficient working capital for our present requirements for at least 12 months from the date of this document.

NET CURRENT ASSETS

The following table sets forth a breakdown of our Group’s current assets and liabilities as at the dates indicated:

	As at 31 December		As at 31 March 2026	As at 30 April 2026
	2024	2025	2026	
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Current assets				
Properties held for sale	3,020	—	—	—
Trade and other receivables	285,693	269,256	282,234	289,104
Contract assets	815,744	920,352	974,577	975,723
Restricted bank balances	14,011	412	1,705	1,803
Cash and cash equivalents	8,226	8,420	267	6,762
	<u>1,126,694</u>	<u>1,198,440</u>	<u>1,258,783</u>	<u>1,273,392</u>
Current liabilities				
Trade and other payables	680,450	708,029	765,328	768,433
Contract liabilities	33,062	66,522	72,093	74,223
Amount due to a director	3,205	4,335	4,606	4,606
Income tax payables	8,895	7,860	7,985	7,992
Bank borrowings	34,450	26,000	17,800	26,000
Lease liabilities	1,627	1,413	1,441	1,451
	<u>761,689</u>	<u>814,159</u>	<u>869,253</u>	<u>882,705</u>
Net current assets	<u>365,005</u>	<u>384,281</u>	<u>389,530</u>	<u>390,687</u>

Our net current assets increased from approximately RMB365.0 million as at 31 December 2024 to approximately RMB384.3 million as at 31 December 2025. The increase in our net current assets was mainly due to the increase in current assets by approximately RMB71.7 million or 6.4%, in particular, the increase in contract assets by approximately RMB104.6 million. Such increase was partially offset by the increase in current liabilities by approximately RMB52.5 million or 6.9%.

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Our net current assets further increased to approximately RMB389.5 million as at 31 March 2026. The increase in our net current assets was mainly due to the increase in current assets by approximately RMB60.3 million or 5.0%, in particular, the increase in contract assets and trade and other receivables by approximately RMB54.2 million and RMB13.0 million respectively. Such increase was partially offset by the increase in current liabilities by approximately RMB55.1 million or 6.8%.

As at 30 April 2026, being the latest practicable date for ascertaining our net current assets position, our net current assets further increased to approximately RMB390.7 million. The increase in our net current assets was mainly due to the increase in current assets by approximately RMB14.6 million or 1.2%, in particular, the increase in contract assets by approximately RMB1.1 million. Such increase was partially offset by the increase in current liabilities by approximately RMB13.5 million or 1.5%.

DISCUSSION OF SELECTED STATEMENT OF FINANCIAL POSITION ITEMS

Further discussions of the fluctuations in the key components of our net current assets are set forth in the following paragraphs:

Trade receivables

[Our trade receivables (net of allowance for impairment losses) decreased from approximately RMB231.2 million as at 31 December 2024 to approximately RMB184.2 million as at 31 December 2025, and then further decreased to approximately RMB185.5 million as at 31 March 2026. Such fluctuation in the trade receivables balance was mainly due to different billing and settlement amounts for different projects near each year/period end.

The following table sets forth the breakdown of our trade receivables as at the dates indicated:

	As at 31 December		As at 31 March
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Trade receivables	271,445	223,330	215,816
Less: allowance for credit losses	(40,293)	(39,125)	(30,353)
	<u>231,152</u>	<u>184,205</u>	<u>185,463</u>

The following table sets forth gross trade receivables by public and private sectors as at the end of the respective reporting dates:

	As at 31 December		As at 31 March
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Public sector	57,357	80,868	72,099
Private sector	214,088	145,462	143,717
Total	<u>271,445</u>	<u>223,330</u>	<u>215,816</u>

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The following table sets forth the gross trade receivables in terms of major customers as at the respective reporting dates:

The trade receivables, representing outstanding balances due from our customers, decreased by approximately 17.7% from approximately RMB271.4 million as at 31 December 2024 to approximately RMB223.3 million as at 31 December 2025 mainly due to faster payment by our customers and because a number of projects have completed during FY2025 such that a larger amount of contract assets was converted to trade receivables in FY2025. For FY2025, approximately RMB403.4 million contract assets were converted to trade receivables, as compared with approximately RMB645.7 million contract assets that were converted to trade receivables in FY2024.

The trade receivables decreased by approximately 3.4% or approximately RMB7.5 million as at 31 December 2025 to approximately RMB215.8 million as at 31 March 2026 due to a lesser amount of contract assets was converted to trade rescivables.

As at 31 December 2024, 2025 and as at 31 March 2026, the ageing analysis of the trade receivables presented, based on the date of invoice/payment certificate, are as follows:

	As at 31 December		As at 31 March
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
1–30 days	61,757	16,120	23,329
31–60 days	6,279	—	5,060
61–90 days	444	12,696	7,079
91–180 days.	101,379	—	5,631
181–365 days.	60,239	3,908	—
Over 1 year	41,347	190,606	174,717
	<u>271,445</u>	<u>223,330</u>	<u>215,816</u>

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The amount of trade receivables attributable to private sector was approximately RMB204.0 million, RMB142.5 million and RMB143.7 million as at 31 December 2024, 2025 and 31 March 2026, respectively. The amount of trade receivables attributable to public sector was approximately RMB67.4 million, RMB80.9 million and RMB72.1 million as at 31 December 2024, 2025 and 31 March 2026, respectively.

Our project periods generally range from approximately one year to three years, and depending on their scale and complexity of the projects. We generally grant credit terms of up to one year from the date of billing to our customers.

The amount of trade receivables that were past due two years increased from approximately RMB21.2 million as at 31 December 2024 to approximately RMB10.6 million as at 31 December 2025.

Trade receivables turnover days

The following table sets forth our trade receivables turnover days during the Track Record Period:

	FY2024	FY2025	3M2026
	days	days	days
Trade receivables turnover days.	96.9	144.2	157.2

Note: Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables (net of allowance for impairment losses) divided by revenue for the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for a full year or 90 days for 3M2026).

Our trade receivables turnover days were approximately 96.9 days, 144.2 days and 157.2 days for FY2024, FY2025 and 3M2026, respectively. The trade receivables turnover days for the Track Record Period were within our credit period that we granted to our customers (i.e. 365 days from the issue of invoice).

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The following table sets forth the top five projects in terms of gross trade receivables as at the end of the respective reporting dates:

Project name	Customer	Project commencement date	Expected/actual project completion date	Contract sum	Accumulated value of work performed	Accumulated progress amount billed	Total trade receivables outstanding as at 31 December 2024	% of total trade receivables	Amount subsequent settlement up to the Latest Practicable Date
				RMB'000 (Note 1)	RMB'000 (Note 1, 2)	RMB'000 (Note 1, 2)	RMB'000 (Note 3)		RMB'000
As at 31 December 2024									
#01	Customer A	November 2021	December 2025	230,166	230,166	171,500	37,108	13.7%	37,108
#16	Customer Group D	December 2019	December 2020	55,748	55,748	38,636	20,065	7.4%	13,280
#02	Customer Group B	May 2023	December 2025	187,830	95,741	70,268	12,314	4.5%	12,314
#17	Customer R	April 2017	February 2018	76,428	76,428	56,932	9,328	3.4%	—
#18	Customer S	December 2019	September 2021	53,479	53,479	49,337	7,882	2.9%	7,882
As at 31 December 2025									
#02	Customer Group B	May 2023	December 2025	223,039	223,038	157,946	35,542	15.9%	10,684
#19	Customer Group D	May 2020	December 2023	76,609	76,609	75,892	7,612	3.4%	—
#01	Customer A	November 2021	December 2025	276,579	276,579	215,472	27,327	12.2%	7,820
#17	Customer R	April 2017	February 2018	76,428	76,428	56,932	9,328	4.2%	—
#20	Customer T	September 2020	November 2022	33,028	33,028	31,016	7,084	3.2%	800
As at 31 March 2026									
#02	Customer Group B	May 2023	December 2025	224,390	224,390	159,145	28,854	13.4%	2,689
#14	Customer Group D	October 2024	February 2026	45,802	45,802	31,458	7,758	3.6%	—
#19	Customer Group D	May 2020	December 2023	76,609	76,609	75,892	7,612	3.5%	—
#01	Customer A	November 2021	December 2025	277,938	277,938	216,322	25,071	11.6%	—
#17	Customer R	April 2017	February 2018	76,428	76,428	56,932	9,328	4.3%	—

Notes:

1. The amounts do not include any VAT.
2. The amount represents the amounts of adjustment for VAT (if any) and adjustment or additional to the original contract sum as may be agreed between the parties to the original contract from time to time, and such variation orders may be in the form of supplemental agreements for additional construction works undertaken by us or modifications of the scope of work previously agreed in the original contracts.
3. Trade receivable represents the contractual billing amount, deducted by amount settled by customers and adjusted for VAT elements in the trade receivables.
4. For details of the basis of the loss allowance on the trade receivables due from this debtor, please refer to page I-39 of this document.

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The following table sets forth the top five customers in terms of gross trade receivables as at the end of the respective reporting dates:

Customer	Billings in accordance with the terms of relevant contract including any subsequent agreement up to 31 December 2024 (note 4)				Total trade receivables outstanding as at 31 December 2024 (RMB'000)		Amount subsequent settlement up to the Latest Practicable Date (RMB'000)
	Contract sum (RMB'000)	Accumulated value of work performed (RMB'000)	Accumulated progress amount billed (RMB'000)	(Note 1, 2)	% of total trade receivables		
						(Note 3)	
As at 31 December 2024							
Customer A	230,166	230,166	171,500		37,108	13.7	37,108
Customer Group B	223,786	95,741	70,268		12,314	4.5	12,314
Customer C	148,784	148,784	118,877		—	—	—
Customer Group D	941,273	941,273	834,745		27,181	10.0	11,275
Customer E	39,146	31,792	3,940		—	—	—
As at 31 December 2025							
Customer Group B	247,310	247,310	163,819		36,822	16.5	11,964
Customer Group D	1,030,305	1,030,305	818,124		25,675	11.5	3,251
Customer F	141,541	71,509	16,755		—	—	—
Customer A	276,579	276,579	215,472		27,327	12.2	7,820
Customer G	59,633	51,604	3,387		700	0.3	—
As at 31 March 2026							
Customer H	119,273	119,274	48,294		1,176	0.5	—
Customer Group I	99,559	81,974	36,416		4,871	2.3	200
Customer J	54,749	54,750	10,371		50	0.1	50
Customer Group B	224,390	224,390	137,861		31,590	14.6	5,000
Customer Group D	728,110	1,041,162	922,650		35,680	16.5	—

Notes:

1. The amounts do not include any VAT.
2. The amount represents the amounts of adjustment for VAT (if any) and adjustment or additional to the original contract sum as may be agreed between the parties to the original contract from time to time, and such variation orders may be in the form of supplemental agreements for additional construction works undertaken by us or modifications of the scope of work previously agreed in the original contracts.
3. Trade receivable represents the contractual billing amount, deducted by amount settled by customers and adjusted for VAT elements in the trade receivables.
4. For details of the basis of the loss allowance on the trade receivables due from this debtor, please refer to page I-39 of this document.

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Impairment provision for trade receivables and contract assets and the bases

We generally grant credit terms of up to one year to our customers. In determining the applicable credit terms, we perform credit evaluation on each customer with reference to various factors including our past business relationship with them, payment history, reputation, financial strength and our evaluation on their future operation risk. We generally do not obtain collateral from our customers over our trade receivable balances.

We are only entitled to bill and receive payments from our customers accordingly until the milestone achieved for the completed work to which the payments are due in accordance with the relevant contract terms and the completion of internal approval procedures of our customers. As a large number of our customers are from the public sector who may require complex internal settlement procedures and generally takes more time to settle their trade payables according to the Industry Report, and therefore, there may exist a gap between the due date of payments by our customers and the date of our submission of progress billings.

Our Group elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. With the support of the valuation performed by the Independent Valuer, our Group has established a provision matrix that is based on our Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The above ECL rates adopted by our Company are determined having considered that, among others, we have the priority of compensation to the proceeds from selling off or auctioning the underlying property projects for our contracted work in settling the debts owed (優先受償權) (the “**Priority of Compensation**”) and the Independent Valuer has been engaged to assess the market value of the underlying properties corresponding to the account receivables. The Independent Valuer adopted provision matrix method to assess the ECL rates of trade receivables and contract assets of our Company in accordance with HKFRS 9. The above ECL rate for each year represented the average of the relevant credit loss rates for each ageing group, which was determined based on a number of parameters, including (i) analysis of historical credit loss rates within two to five years from the measurement date is adopted; (ii) a discount of 30% to be applied on the value of the underlying properties so as to arrive at a conservative estimation of the proceeds that could be recovered by our Company under Priority of Compensation; (iii) the assessed market values of the underlying properties corresponding to the trade receivables and contract assets and any potential shortfall of proceeds recovered from the outstanding contract assets and account receivables balance based on conservative estimation; and (iv) forward-looking adjustment based on the correlation between default rates and macro-economic factors (indicative overall market conditions).

On the basis that, among others, (i) the valuation methodology adopted was in accordance with HKFRS 9; (ii) historical credit loss rates within two to five years from the measurement date is adopted as the two to five years’ period is typically the length of an economical cycle in the industry, and the two to five years’ historical period provides the most relevant indication to the current and future state of credit risk of the trade receivables and contract assets; (iii) according to the Civil Code of the PRC (中華人民共和國民法典) promulgated by the NPC on 28 May 2020 and became effective on 1 January 2021, where the property developer does not make payments as agreed, the contractor may demand the property developer to make the said payments within a reasonable period of time. Where the property developer has not made the said payments within the said period of time, then except where it is not appropriate to conduct a sale at a depreciated price or an auction due to the nature of the construction project, the contractor may conclude an agreement with the developer to sell off the project, or may apply to the People’s Court for the said project to be auctioned in accordance with the

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law. With respect to all monies received in selling off or auctioning the said project, priority shall be given to using the monies to make the relevant payments on the construction project. The details of the factors (i) to (iv) are as follow:

In relation to all our customer categories:

- (i) Latest development of trade receivables and contract assets as at the Latest Practicable Date

Approximately RMB8.2 million, representing 3.8% of the trade receivables as at 31 March 2026, was subsequently settled by the Latest Practicable Date.

Approximately RMB5.0 million, representing 4.6% of the contract assets balance that aged over one year as at 31 March 2026, was subsequently billed by the Latest Practicable Date.

We carry out continuous assessment and monitor our debtors status from time to time. Based on our latest monitoring results from publicly available information and to the best knowledge of our Directors, all of our trade receivable and contract asset debtors as at 31 March 2026 were under normal operation status (i.e. not wound-up or dissolved, and having valid business licence, where applicable) as at the Latest Practicable Date, and none of them received any winding-up petition as at the Latest Practicable Date.

During the Track Record Period, the Company’s trade receivables turnover days have remained substantially stable and within normal commercial parameters.

In relation to trade receivables and contract assets due from private sector:

- (ii) Our entitlement to the Priority of Compensation and on-going legal proceedings

As advised by our PRC Construction Legal Advisers, pursuant to the Civil Code of the PRC (中華人民共和國民法典), promulgated by the NPC on 28 May 2020 and with effect from 1 January 2021, where the property developer has not made the payments to contractor within the reasonable period of time as requested by the contractor, the contractor may reach an agreement with the developer to sell off the project, or may apply to the People’s Court of the PRC for the said project to be auctioned in accordance with the law, and the contractor shall have Priority of Compensation.

Having reviewed the relevant details of construction projects, the relevant trade receivables and contract assets of which representing 53% of the total trade receivables and contract assets due from private sector as at 31 March 2026, our PRC Construction Legal Advisers advised that:

- (1) we are the one of the subcontractors of these, we have Priority of Compensation in pari passu of the other contractors of such project and we are entitled to the proceeds from selling off or auctioning the said project together with the other subcontractors proportional to the respective amount of debts owed by the developer;
- (2) no other creditors have made any claim on the properties of these projects during track record period; and
- (3) there is no legal impediment for our Group to transfer the interests in the underlying properties of these projects to willing and qualified buyers notwithstanding any incomplete legal title registration of the underlying properties of these projects, on the

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following bases: (a) according to Article 2 of the Provisions of the Supreme People’s Court for the People’s Courts to Seal up, Distrain and Freeze Properties in Civil Enforcement (2020 Amendment) (最高人民法院關於人民法院民事執行中查封、扣押、凍結財產的規定 (2020修正)), the ownership of unregistered buildings and land use rights shall be determined based on the approval documents for land use rights and other relevant evidence, accordingly, our PRC Construction Legal Advisers advised that, although the property developer has yet to complete the legal title registration of the properties, the properties would still be owned by the property developer; and (b) according to Article 2 of the Notice of the Supreme People’s Court on Forwarding the Letter on Issues Concerning Handling Property Ownership Registration for Residential Properties without Property Ownership Certificate in Accordance with Assistance Enforcement Document of the Ministry of Housing and Urban-Rural Development (最高人民法院關於轉發住房和城鄉建設部〈關於無證房產依據協助執行文書辦理產權登記有關問題的函〉的通知), even if the legal title of the construction project involved is registrable but the initial registration has not been completed, the fact that the initial registration has not been completed would not affect the auction or selling off of the construction project involved, and the transferee would be entitled to obtain the ownership of the construction project through the prescribed method of the legislation.

Our Group has engaged the Independent Valuer to perform estimation of the fair value of the underlying properties in respect of the construction projects that has been reviewed by our PRC legal advisers as to construction related matters (“**PRC Construction Legal Advisers**”). The weighted average “fair value-to-trade receivables and contract assets ratio” of these construction projects is approximately 158.9% as at 31 March 2026.

In light of above, our Directors take the view that the credit risk of trade receivables and contract assets due from private company is low and that our provision for impairment loss on trade receivables/contract asset due from these customers is sufficient.

In relation to trade receivables and contract assets arising from public sector:

(iii) The public sector usually had minimal history of default

Our public sector customers in general have good creditability and had minimal history of default. Throughout the Track Record Period, none of our Group’s trade receivables or contract assets debtors which were from public sector had defaulted on their settlements of our Group’s trade receivables or had dispute with our Group with regard to the trade receivables and contract assets balances recorded by our Group during the Track Record Period.

(iv) Low credit risk for government projects

Pursuant to Article 22 of the Government Investment Regulation, government investment projects shall be fully funded in accordance with the relevant regulations. It also stipulates that advance payment by construction enterprise is not allowed in government investment projects. For the details of the Government Investment Regulation, please refer to the section headed “Regulatory Overview Government Investment Regulation” in this document. As advised by our PRC Construction Legal Advisers, pursuant to “Interpretations on Issues relating to the Application of Laws in the Trial of Disputes over Construction Project Contracts” (關於審理建設工程施工合同糾紛案件適用法律問題的解釋), when no “advanced payment” is stipulated under the contract, the amounts due shall be treated as “construction debt”. The PRC Construction Legal Advisers are of the view that the amounts due from the Government-related Entities customers

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under the contract shall be treated as the “construction debt” rather than the “advance payment” and customers of our Group which are Government-related Entities comply with the Government Investment Regulation.

In light of the general expectation that the payment obligations for government projects will be honoured, our Directors take the view that the credit risk of trade receivables and contract assets in relation to our government projects that are owned by Government-related Entities is low.

On the basis of each of the factors as assessed above and the valuation performed by the independent valuer on the ECL rates, our Directors considered, and the Reporting Accountants and the Sole Sponsor concurred, that the ECL allowances on our Group’s trade receivables and contract assets have been adequately provided for at the end of each of the years/period comprising the Track Record Period.

The following table sets forth the movements in gross trade receivables and gross contract assets between each of the years comprising the Track Record Period and from the end of the Track Record Period to the Latest Practicable Date:

	Retention receivables	Contract assets (excluding retention receivables)	Trade receivables
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Balance as at 1 January 2024	330,946	526,151	75,368
Add: Revenue.	—	664,661	—
Value-Added Tax	—	57,170	—
Retention amounts withheld	366,773	(366,773)	—
Retention receivables billed and recognised as trade receivable	(82,215)	—	82,215
Contract assets billed and recognised as trade receivables	—	(645,733)	645,733
Payment by customers	—	—	(531,871)
Balance as at 31 December 2024 and 1 January 2025	615,504	235,476	271,445
Add: Revenue	—	627,161	—
Value-Added Tax	—	52,241	—
Retention amounts withheld	110,799	(110,799)	—
Retention receivables billed and recognised as trade receivable	(167,570)	—	167,570
Contract assets billed and recognised as trade receivables	—	(403,417)	403,417
Payment by customers	—	—	(619,102)

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	Retention receivables	Contract assets (excluding retention receivables)	Trade receivables
	RMB'000	RMB'000	RMB'000
Balance as at 31 December 2025 and 1 January 2026	558,733	400,662	223,330
Add: Revenue	—	127,584	—
Value-Added Tax	—	11,086	—
Retention amounts withheld	37,517	(37,517)	—
Retention receivables billed and recognised as trade receivable	(43,432)	—	43,432
Contract assets billed and recognised as trade receivables	—	(36,868)	36,868
Payment by customers	—	—	(87,814)
Balance as at 31 March 2026	<u>552,818</u>	<u>464,947</u>	<u>215,816</u>

Contract assets and contract liabilities

Contract assets primarily relate to our Group's right to consideration for work completed and not billed because the rights are conditioned on our Group's future performance. Contract assets are transferred to trade receivables when the rights become unconditional.

The following table sets forth our contract assets and contract liabilities as at the dates indicated:

	As at 31 December		As at 31 March 2026
	2024	2025	
	RMB'000	RMB'000	RMB'000
Contract assets	850,980	959,395	1,017,765
Less: allowance for credit losses	(35,236)	(39,043)	(43,188)
	<u>815,744</u>	<u>920,352</u>	<u>974,577</u>
Contract liabilities	<u>33,062</u>	<u>66,522</u>	<u>72,093</u>

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The following table sets forth retention receivables, contract assets and contract liabilities by public and private sectors as at the end of the respective reporting dates:

	As at 31 December		As at
	2024	2025	31 March 2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Retention receivables			
— Public sector	126,589	149,331	159,441
— Private sector.	488,915	409,402	393,377
	<u>615,504</u>	<u>558,733</u>	<u>552,818</u>
Contract assets (excluding retention receivables)			
— Public sector	58,459	98,071	169,304
— Private sector.	177,017	302,591	295,643
	<u>235,476</u>	<u>400,662</u>	<u>464,947</u>
Contract assets	<u>850,980</u>	<u>959,395</u>	<u>1,017,765</u>
Contract liabilities			
— Public sector	588	5,321	7,683
— Private sector	32,474	61,201	64,410
	<u>33,062</u>	<u>66,522</u>	<u>72,093</u>

As at 31 December 2024, 31 December 2025 and 31 March 2026, included in contract assets comprises retention receivables of approximately RMB615.5 million, RMB558.7 million, and RMB552.8 million, respectively. Retention receivables represented the monies withheld by customers of contract works fully recoverable within one year to five years from the date of completion of construction contracts, in accordance with the terms specified in the relevant contracts. Generally, upon satisfactory completion of contract work as set out in the contract, the retention money of such contract work will be released in instalments during the defect liability period or paid in full upon the expiration of the defects liability period.

As at the Latest Practicable Date, approximately RMB16.1 million, or 1.6% of the contract assets as at 30 April 2026 had been subsequently billed.

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The following tables set forth the details of our top five project of contract assets arising from construction services by project as at each of 31 December 2024, 2025 and 31 March 2026:

Revenue recognition in accordance with HKFRS 15				Bilings in accordance with the relevant contract including any subsequent agreement up to 31 December 2024 (note 4)		Amount and date of subsequent billing of contract assets up to the Latest Practicable Date					
Project name	Customer	Project commencement date	Expected/ actual project completion date	Contract sum (A)	Accumulated revenue performed (i.e. accumulated revenue recognised) (C)=(A)+(B)						
							Contract assets (excluding VAT) as at 31 December 2024 (E=C-D)	VAT in contract assets (F)	Contract assets (G=E+F)	% of total contract assets	
(note 1)	(notes 1, 2)	(note 1)	(note 1)	(note 3)							
RMB'000											
RMB'000											
As at 31 December 2024											
#01	Customer A	November 2021	December 2025	230,166	230,166	171,500	58,666	5,061	63,727	7.5%	29,436
#21	Customer U	December 2019	December 2021	116,854	116,854	74,977	41,877	3,397	45,274	5.5%	45,275
#03	Customer C	November 2022	December 2024	148,784	148,784	118,877	29,907	2,567	32,474	3.8%	18,425
#04	Customer E	January 2024	December 2025	39,146	31,792	3,940	35,206	2,507	37,713	3.6%	26,155
#02	Customer Group B	May 2023	December 2025	187,830	95,741	70,268	117,562	2,291	119,853	3.3%	27,765
As at 31 December 2025											
#02	Customer Group B	May 2023	December 2025	223,039	223,039	157,946	65,093	5,855	70,948	7.4%	—
#01	Customer A	November 2021	December 2025	276,579	276,579	215,472	61,107	5,272	66,379	6.9%	—
#06	Customer F	September 2024	December 2026	141,541	141,541	16,755	124,786	4,521	129,307	6.2%	13,990
#07	Customer G	November 2021	May 2023	59,633	59,633	3,387	56,246	1,474	57,120	5.2%	—
#04	Customer E	January 2024	December 2025	65,104	65,104	24,686	40,418	3,638	44,056	4.6%	2,664
As at 31 March 2026											
#09	Customer H	March 2021	January 2026	119,274	119,273	48,294	70,979	5,794	76,773	7.5%	—
#02	Customer Group B	May 2023	December 2025	224,390	224,390	159,145	65,245	5,869	71,114	7.0%	—
#01	Customer A	November 2021	December 2025	277,938	277,938	216,322	61,616	5,316	66,932	6.6%	—
#06	Customer F	September 2024	December 2026	141,541	71,509	25,144	116,397	3,828	120,225	4.9%	4,952
#07	Customer G	November 2021	May 2023	59,633	51,604	3,387	56,246	1,474	57,720	4.9%	—

Note: The contract assets are not past due and the aging analysis above is for illustrative purpose only.

1. The amounts do not include any VAT.
2. The amount represents the amounts of adjustment or additional to the original contract sum as may be agreed between the parties to the original contract from time to time, and such variation orders may be in the form of supplemental agreements for additional construction works undertaken by us or modifications of the scope of work previously agreed in the original contracts.
3. Our contract asset represents the accumulated amount of revenue recognised, deducted by the amount of accumulated progress billing and amount prepaid by the customers (if any), and adjusted for VAT elements in the contract asset.

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The following tables set forth the details of our top five customers of contract assets arising from construction services as at each of 31 December 2024, 2025 and 31 March 2026:

Customer	Revenue recognition in accordance with HKFRS 15		Billings in accordance with the relevant contract including any subsequent agreement up to 31 December 2024 (note 4)		Contract assets (excluding VAT) as at 31 December 2024 (E=C-D)		VAT in contract assets (F)		Contract assets (G=E+F)		% in total contract asset		Amount and date of subsequent billing of contract assets up to the Latest Practicable Date	
	Contract sum (A)	Accumulated value of work performed (i.e. accumulated revenue recognised) (C)=(A)+(B)	Accumulated progress amount billed (D)	(note 1) RMB'000	(note 1) RMB'000	(note 1) RMB'000	(note 1) RMB'000	(note 3) RMB'000	(note 3) RMB'000	%			RMB'000	
As at 31 December 2024														
Customer Group D	941,272	941,273	834,745	(note 1) RMB'000	106,528	9,588	116,116	116,116	13.6				44,587	
Customer A	230,166	230,166	171,500		58,666	5,061	63,727	63,727	7.5				29,436	
Customer C	148,784	148,784	118,877		29,907	2,567	32,475	32,475	3.8				18,425	
Customer E	39,146	31,792	3,940		27,851	2,507	30,358	30,358	3.6				26,155	
Customer Group B	223,786	95,741	70,268		25,474	2,291	27,765	27,765	3.3				27,765	
As at 31 December 2025														
Customer Group D	1,030,305	1,030,305	907,156	(note 1) RMB'000	123,149	11,083	134,232	134,232	14.0				—	
Customer Group B	247,310	247,310	174,270		73,040	6,570	79,610	79,610	8.3				—	
Customer A	276,579	276,579	215,472		61,107	5,272	66,379	66,379	6.9				—	
Customer F	141,541	71,509	16,755		54,754	4,521	59,275	59,275	6.2				13,990	
Customer G	59,633	51,604	3,387		48,217	1,474	49,691	49,691	5.2				—	
As at 31 March 2026														
Customer Group D	1,041,162	1,041,162	922,650	(note 1) RMB'000	118,512	10,666	129,178	129,178	12.7				—	
Customer Group B	224,390	224,390	137,861		86,529	7,783	94,312	94,312	9.3				—	
Customer H	119,273	119,273	48,294		70,980	5,794	76,774	76,774	7.5				—	
Customer Group I	99,559	81,974	36,416		45,558	4,100	49,658	49,658	4.9				—	
Customer J	54,749	54,750	10,371		44,379	3,994	48,373	48,373	4.8				—	

Note: The contract assets are not past due and the aging analysis above is for illustrative purpose only.

1. The amounts do not include any VAT.
2. The amount represents the amounts of adjustment or additional to the original contract sum as may be agreed between the parties to the original contract from time to time, and such variation orders may be in the form of supplemental agreements for additional construction works undertaken by us or modifications of the scope of work previously agreed in the original contracts.
3. Our contract asset represents the accumulated amount of revenue recognised, deducted by the amount of accumulated progress billing and amount prepaid by the customers (if any), and adjusted for VAT elements in the contract asset.

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As at 31 December 2024, 31 December 2025 and 31 March 2026, the balance of contract assets attributable to completed projects amounted to approximately RMB660.4 million, RMB793.8 million and RMB843.0 million, respectively, which comprised retention receivables from completed projects of approximately RMB532.7 million, RMB522.5 million and RMB511.1 million as at the respective year/period end. Typically, we are entitled to bill up to 70% to 80% of the total value of the work performed during the project implementation phase while the remaining can only be billed upon the completion of construction and settlement audit and the expiry of defect liability period. Hence, upon the completion of our work in the project, subject to and depending on the terms of the service agreement, our customers generally withhold 20% to 30% of the project progress payment before settlement audit. Such withheld amounts from completed projects were approximately RMB369.8 million, RMB297.8 million and RMB289.7 million as at 31 December 2024, 31 December 2025 and 31 March 2026. According to the Industry Report, the percentage of work performed by our Group that can be billed to customers out of all work performed before settlement audit is comparable to those of our industry peers and our Group’s billing process and the timing of billing were comparable to those of our industry peers on the basis that the industry peers are generally entitled to bill the customers 50% to 90% of the total amounts of work performed before the settlement audit.

According to the Industry Report, the prolonged settlement audit process is common in the construction industry in the PRC, and it was mainly due to, among other things, (i) the detailed inspection by multiple responsible persons of different parties especially for large and complex projects or projects from public sector; (ii) extended negotiation for the final settlement, including the determination of the scope of work done and settlement of quality issues; (iii) long internal approval process by customers especially for some public sector customers due to the involvement of multiple responsible persons of different parties; and (iv) some sizeable and/or complex projects which require longer time for inspection.

Aging analysis and subsequent billing and settlement

The following is an aging analysis of our gross contract asset (excluding retention receivables) based on the revenue recognition date as at the respective year/period end date:

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As at 31 December 2024, 2025 and 31 March 2026, the ageing analysis of contract assets, based on due dates and classified by types of debtors, and the amount of subsequent settlement of contract assets as at up to the Latest Practicable Date, are as follows:-

	As at 31 December										As at 31 March									
	2024					2025					2026									
	Public	Private	Total	Less: amount subsequently settled up to the Latest Practicable Date	Percentage of subsequent settlement up to the Latest Practicable Date	Public	Private	Total	Less: amount subsequently settled up to the Latest Practicable Date	Percentage of subsequent settlement up to the Latest Practicable Date	Public	Private	Total	Less: amount subsequently settled up to the Latest Practicable Date	Percentage of subsequent settlement up to the Latest Practicable Date	Public	Private	Total	Less: amount subsequently settled up to the Latest Practicable Date	Percentage of subsequent settlement up to the Latest Practicable Date
	RMB'000	RMB'000	RMB'000	RMB'000	%	RMB'000	RMB'000	RMB'000	RMB'000	%	RMB'000	RMB'000	RMB'000	RMB'000	%	RMB'000	RMB'000	RMB'000	RMB'000	%
Within 1 year	177,129	588,597	765,726	343,675	44.9	422,051	219,396	641,447	78,577	9.7	791,126	306,409	1,097,535	89.4	11.119	1.2	898,800	89.4	1.2	898,800
1-2 years	7,618	22,012	29,630	8,665	29.2	20,965	20,063	41,028	989	4.5	42,286	3,837	46,123	3.5	4.952	13.9	30,614	3.5	4.952	30,614
2-3 years	9	33,579	33,588	17,436	51.9	16,152	7,538	23,690	1,739	9.5	16,602	11,319	27,921	3.2	—	—	32,792	3.2	—	32,792
Over 3 years	292	21,744	22,036	15,653	71.0	6,383	494	6,877	4,466	2.9	23,610	71,800	95,410	3.9	—	—	39,488	3.9	—	39,488
	185,048	665,932	850,980	385,429	45.3	465,551	247,401	712,952	85,771	8.9	873,624	328,745	1,202,369	100.0	16.071	1.6	1,001,694	100.0	1.6	1,001,694

Up to Latest Practicable Date, approximately RMB16.1 million or 2% of our gross contract assets as at 31 March 2026 had been subsequently settled.

Note: The contract assets are not past due and the ageing analysis above is for illustrative purpose only.

According to HKFRS 15, if a customer pays consideration, before the entity transfers a good or service to the customer (i.e. payment in excess of billing amount, or a prepayment), the entity shall present the contract as a contract liability when the payment is made. The contract asset or contract liability positions are determined for each contract on a net basis. Accordingly, the prepayments from customers are netted-off against contract assets for the same contract. Such prepayments from customers are reflected in the above ageing analysis and netted off against contract assets for the same contract in the chronological order of the recognition of contract asset amount.

The aggregate amount of contract assets for a single construction project generally represents one single payment obligation only. The contract assets are not past due. Therefore, the above ageing analysis is for illustrative purpose only.

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Our Directors considered the ageing analysis of our Group’s contract assets prepared based on recognition date could reflect the duration of our construction projects and the period in which the underlying construction works were performed, which is useful for indicating the contract assets recognised in each of the milestone.

The aggregate amount of contract assets for a project generally represents one single payment obligation only. The contract assets are not past due. In the ageing analysis of contract assets on recognition date basis, contract asset is classified according to the period in which the corresponding revenue was recognised. Generally, during the performance of the construction works achieve the milestone at which we are contractually entitled to bill our customers generally ranges from 70% to 85% of the total value of the work performed. The remaining unbilled portion of value of work performed, will be billed when it becomes unconditional for billing (other than the retention money which usually accounts for 3% to 5% of the final settlement value) upon the completion of the settlement audit. In the ageing analysis of contract assets on recognition date basis, a contract asset recognised in early year will be classified in that period unless it becomes unconditional for billing, generally before or upon the completion of the settlement audit.

Approximately RMB385.4 million, RMB85.8 million and RMB16.1 million, or 45.3%, 8.9% and 1.6% of our contract assets as at 31 December 2024, 2025 and 31 March 2026 were subsequently transferred to trade receivables upon billing up to the Latest Practicable Date, respectively, resulting in a net balance of approximately RMB465.6 million, RMB873.6 million and RMB1,001.7 million, respectively.

Average contract assets turnover days

Average contract assets turnover days indicates the average time required for us to bill our customers and recognise trade receivables from the recognition of revenue. The table below sets out the average contract assets turnover days as at the periods indicated:

	FY2024	FY2025	3M2026
Average contract assets turnover day (<i>Note</i>) . .	209.1	185.1	309.5

Note:

The calculation of average contract assets turnover days is based on the average of the opening balance and closing balance of contract assets for the relevant year/period divided by revenue and multiplied by the number of days in the relevant year/period.

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Our contract assets turnover day decreased gradually from 209.1 days for FY2024 to 185.1 days for FY2025 which mainly due to a higher amount of contract assets billed and recognised as trade receivables. Our contract assets turnover day for 3M2026 is at 309.5 days. This is mainly due to the work of our on-going projects continued throughout the Track Record Period, the contract assets accumulated and leading to the increase in our contract assets turnover day in FY2026.

The aggregate turnover days for trade receivables and contract assets was 306.0 days, 329.3 days and 466.8 days for FY2024, FY2025 and 3M2026, respectively. The changes in aggregate turnover days for trade and bills receivables and contract assets during the Track Record Period are in line with the change in the contract asset turnover day and trade and bills receivables turnover day during the periods as explained above. The longer aggregate turnover period of the trade and contract assets for FY2024, FY2025 and 3M2026, as compared to that for FY2024 was mainly due to the following factors:

(i) *Long settlement audit process and industry benchmark*

One of the factors for the long contract assets turnover days was due to the long settlement audit process. According to the Industry Report, the relatively long turnover days of trade receivables and contract assets is common in the PRC construction industry, especially for some public sector customers and sizable projects.

According to the Industry Report, the aggregate turnover days for trade receivables and contract assets of our Group of approximately 306.0 days and 329.3 days in FY2024 and FY2025 respectively are within the range of 39.8 days to 653.0 days of those of our industry peers in FY2025. Our Directors believe that the relatively long turnover days of trade receivables and of contract assets is common in the construction industry in the PRC, especially where the customers include Government-related Entities. According to the Industry Report, for projects with public sector as customers, the industry range for settlement period of trade receivables is three months to two years, and the industry range for conversion period of contract assets is approximately six months to three years depending on the scale of the projects in the construction industry in the PRC.

Our Group elected to measure loss allowances for contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. With the support of the valuation performed by the Independent Valuer, our Group has established a provision matrix that is based on our Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Our Group recognises loss allowances for ECLs on contract assets measured at amortised cost.

The above ECL rates adopted by our Company are determined having considered that, among others, we have the Priority of Compensation to the proceeds from selling off or auctioning the underlying property projects for our contracted work in settling the debts owed and the Independent Valuer has been engaged to assess the market value of the underlying properties corresponding to the account receivables. The above ECL rate for each year represented the average of the relevant credit loss rates for each ageing group, which was determined based on a number of parameters, including (i) analysis of historical credit loss rates within two to five years from the measurement date is adopted; (ii) a discount of 30% to be applied on the value of the underlying properties so as to arrive at a conservative estimation of the proceeds that could be recovered by our Company under Priority of Compensation; (iii) the assessed market values of the underlying properties corresponding to the trade receivables and contract assets and any potential shortfall of proceeds recovered from the outstanding contract assets and account receivables balance based on conservative estimation; and (iv) forward-looking adjustment based on the correlation between default rates and macro-economic factors (indicative overall market conditions).

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Having considered the factors (i) to (iv) listed from paragraphs headed “Impairment provision for trade receivables and contract assets and the bases” above, and in particular, the fact that based on our latest monitoring results from publicly available information and to the best knowledge of our Directors, all of our trade receivable and contract asset debtors as at 30 April 2026 were under normal operation status (i.e. not wound-up or dissolved, and having valid business licence, where applicable) as at the Latest Practicable Date, and none of them received any winding-up petition as at the Latest Practicable Date, our Directors consider that there is no recoverability issues for the contract assets.

(ii) Customer credit assessment and trade receivables and contract assets control policy

Pursuant to our customer credit assessment policy, the responsible departments and our employees shall assess the credibility of the customers by performing credit investigation and understanding the background of the potential or existing customers.

We have formulated a number of internal control policies, which stipulate the regular review of the ageing of trade receivables and contract assets and relevant follow-up procedures. We designate a working group which is responsible for reminding customers of overdue or upcoming contract assets and collection of outstanding sum with an aim to clearing debts as a daily management mechanism. The working group comprises the general manager, the financial manager, the project department, and the responsible personnel of the cost and contract department of our Group.

Our Group monitors the ageing of our contract assets and trade receivables on a monthly basis. The project management team under our engineering department follows up and discusses the billing of contract assets and collection of trade receivables for receivables through telephone and emails, identify projects with the long outstanding contract assets and trade receivables and assesses the recoverability of outstanding sum for each project individually.

In particular, the key measures that our Group will take in relation to long outstanding sum from the customers based on the period of outstanding amount due are summarised as follows:

- the designated person shall formulate a follow-up plan on collection of trade receivables, communicate with the customer and carry out the collection work; and
- for outstanding amounts that aged significantly longer than expected, subject to the discussion among the general manager and the responsible personnel of the finance department and the engineering department, we may suspend or slow down the project construction to promote the customers to speed up the conversion and settlement process.

The project accountants are required to provide the cost and contract department with account receivable report on a monthly basis, which lists out details of the contract assets and trade receivables. The responsible person for settlement in the cost and contract department shall complete monthly debt settlement summary after communicating with each responsible person for debt collection.

For the debts that may not be recovered, the deputy general manager of the work safety, procurement and subcontracting department shall put forward the bad debt treatment requirements for approval by our management.

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Our Directors are of the view that we have maintained an effective credit control policy and implemented effect measures to monitor and improve our liquidity and credit risks on the following bases:

- comprehensive credit investigation and information management system and credit management mechanism which enable effective and timely assessment of the customers’ credibility and customised debt collection strategies in accordance with the credit assessment results;
- clear division of responsibilities between the finance department, project management team, cost and contract department and the designated credit working group; and
- detailed procedures for our staff to abide to, in particular, reporting mechanism by our cost and contract department and finance department, collection of data in relation to outstanding amount and tailored procedures for collection of outstanding amount according to the period of outstanding amount due.

Other receivables and deposits

As at 31 December 2024, 31 December 2025 and 31 March 2026, our gross other receivables and deposits amounted to approximately RMB15.7 million, RMB29.8 million and RMB29.7 million, respectively.

The following table sets forth a breakdown of our Group’s other receivables and deposits by nature as at end of each year/period end:

Major debtors	As at 31 December				As at 31 March 2026	
	2024		2025			
	(net of allowance for credit losses)		(net of allowance for credit losses)		(net of allowance for credit losses)	
	(gross)		(gross)		(gross)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables						
Suppliers	1,400	1,313	8,405	7,134	10,248	8,835
Customers	8,518	2,413	9,159	5,512	9,209	5,499
Employees.	2,834	2,515	8,493	7,741	5,828	5,330
Legal and Professional parties	781	713	1,295	1,011	716	447
Others.	2,122	1,741	2,474	2,073	3,695	3,207
Other receivables and deposits	15,655	8,695	29,826	23,471	29,696	23,318

Deposit to suppliers

Deposits to suppliers represent upfront cash payments made to external vendors to secure production capacity, raw materials, or specialized equipment before the corresponding goods or services have been received.

Performance guarantee from customers

In the normal course of business, the Company provides performance guarantees from customers to secure the fulfillment of its contractual obligations relating to major projects.

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Amount due from employees

It represents the advance payment to our employees for the purposes of facilitating their responsible work.

Legal and professional related deposit

Legal and professional fees mainly represented attorneys’ fees and litigation costs deposit paid for claims and litigations in our ordinary course of business during the Track Record Period.

The following is an ageing analysis of other receivables and deposits of our Group as at the end of each reporting period:

	As at 31 December		As at
	2024	2025	31 March
	RMB’000	RMB’000	2026
Other receivables and deposits			
— Within 1 year.	10,913	12,752	13,706
— Within a period of more than one year but not more than three years	1,182	13,699	12,616
— More than three years	3,560	3,375	3,374
Total	15,655	37,826	39,296

Our impairment provision for deposits and other receivables amounted to approximately RMB7.0 million, RMB6.4 million and RMB6.4 million as at 31 December 2024, 31 December 2025 and 31 March 2026, respectively. The amount reflects the amount of deposits and other receivables and their recoverability.

The ECL assessment on the deposits and other receivables was performed using the probability-weighted loss default model under the general approach in accordance with HKFRS 9. Due to the nature of these receivables, there is no consistent and recurring history of default from the counterparties. The default probabilities for the deposits and other receivables were determined according to the credit rating of the counterparties, as determined by the Global Corporate Average Cumulative Default Rate (1981-2020) provided by S&P Global Fixed Income Research.

The impairment provision for the deposit and other receivables was relatively higher than that made for trade receivables and contract assets because the deposit and other receivables are unsecured and thus have higher credit exposure, whilst we are entitled to the Priority of Compensation in construction projects relating to the trading receivables and contract assets. The ECL for deposits and other receivables is derived from market research due to the lack of historical data on the individual line of receivables, while the ECL for trading receivables and contract assets is derived from historical aging and default patterns due to their operating nature.

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Prepayments

As at 31 December 2024, 31 December 2025 and 31 March 2026, our prepayments amounted to approximately RMB45.6 million, RMB61.1 million and RMB73.5 million, respectively. Prepayments mainly represented prepayments for subcontractors and suppliers of materials. The fluctuation of balances of prepayments across the Track Record Period mainly depends on different stages of curtain wall projects near each year/period end date.

Restricted bank balances

As at 31 December 2024, 31 December 2025 and 31 March 2026, bank balances that are placed in restricted bank accounts amounted to approximately RMB14.0 million, RMB0.4 million and RMB1.7 million, respectively.

The following table sets forth the breakdown of restricted bank balances as at the respective year/period end:

	As at 31 December		As at 31 March 2026
	2024	2025	
	RMB'000	RMB'000	RMB'000
Bank balances restricted due to litigation	11,084	402	444
Deposits for bills payable	—*	—	—
Bank balances restricted for rural migrant workers	2,927	10	1,261
	<u>14,011</u>	<u>412</u>	<u>1,705</u>

* The amount is below RMB1,000

The restricted bank balances as at the end of the respective year/period end comprised:

- (i) bank balances restricted due to litigation, which represented certain bank accounts of our Group had been subjected to freezing orders imposed by the PRC courts during the Track Record Period which were ancillary to the claims and litigations in our ordinary course of business;
- (ii) deposits for bills payable, which represented deposits pledged to the bank for issuance of bills payable to the suppliers and the deposits will be released when the Group repays the bills; and
- (iii) bank balances restricted for rural migrant workers, which represented bank balances frozen specifically to repay the wages of the rural migrant workers pursuant to the law of certain regions in the PRC, and will be released every month when the rural migrant workers' wages are paid.

Properties held for sale

We recorded an amount of properties held for sale of approximately RMB3.0 million as at 31 December 2024, which represented the carrying amount of the aforesaid properties. We decided to disposed of such properties at fair value which was based on the valuation report as at 31 December

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2024 and we entered into a sale and purchase agreement in December 2024 with an individual to dispose of the properties in Chengdu City, Sichuan Province, the PRC. The total consideration for the sale amounted to RMB3.2 million. The completion of the disposal of such properties took place in January 2025.

Trade payables

Our trade payables mainly comprised payables to subcontractors and suppliers of materials.

Our trade payables amounted to approximately RMB589.7 million, RMB582.6 million and RMB622.4 million as at 31 December 2024, 31 December 2025 and 31 March 2026, respectively. Such fluctuation was partly due to the difference in credit periods granted by different suppliers and difference in timing of payments to our suppliers.

According to the Industry Report, it is customary in the construction industry in the PRC that general contractors would negotiate with their suppliers and subcontractors for extension of payment dates prior to receipt of payment from the relevant project owners.

To enhance our internal control on cashflow and liquidity management, our designated staff makes cashflow projection on a monthly basis and closely monitors the cashflow position. If it is anticipated that there is operating net cash outflow in the following month, our senior management will assess the impact and consider measures to strengthen the cashflow position.

Trade payables turnover days

The following table sets forth our trade payables turnover days during the Track Record Period:

	FY2024	FY2025	3M2026
	days	days	days
Trade payables turnover days	337.1	390.8	489.6

Note: Trade payables turnover days is calculated based on the average of the beginning and ending balance of trade payables divided by cost of sales for the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for a full year or 90 days for 3M2026).

Our trade payables turnover days increased from 337.1 days for FY2024 to 390.8 days for FY2025, which is in line with the changes of aggregate trade receivables and contract assets turnover days during the periods as it is customary in the construction industry in the PRC that general contractors would negotiate with their suppliers and subcontractors for extension of payment dates prior to receipt of payment from customers of the relevant projects. Our trade payables turnover days increased to 489.6 days for 3M2026 mainly due to longer repayment by our Group during 3M2026. The change in ageing position of our trade payables was mainly because we had sizable on-going projects with long project duration which led to longer settlement period of the relevant trade and bills receivables and contract assets.

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Aging analysis and subsequent settlement

The following table sets forth the aging analysis of our trade payables based on the invoice date as at the dates indicated:

	As at 31 December		As at 31 March 2026
	2024	2025	
	RMB'000	RMB'000	RMB'000
0 to 60 days	368,343	103,185	136,746
61 to 90 days	41,011	11	43,328
91 to 180 days	6,689	71,982	11
181 to 365 days	1,028	219,965	266,286
Over 365 days	172,619	187,468	176,015
	<u>589,690</u>	<u>582,611</u>	<u>622,386</u>

Up to the Latest Practicable Date, approximately RMB10.8 million or 1.7% of our trade payables as at 31 March 2026 had been subsequently settled.

Other payables and accruals

The following table sets forth a breakdown of our Group’s other payables as at the dates indicated:

	As at 31 December		As at 31 March 2026
	2024	2025	
	RMB'000	RMB'000	RMB'000
Other payables	39,296	47,758	56,182
Other tax payable	27,406	50,172	57,867
Retention payables	18,922	17,381	17,330
Accruals staff costs	5,136	4,469	2,986
Provision for litigation liabilities (<i>Note</i>)	—	5,638	8,577
	<u>90,760</u>	<u>125,418</u>	<u>142,942</u>

Note:

During the Track Record Period, the Group has been involved in certain litigation cases and these cases were still in progress as at the Latest Practicable Date. The Directors have sought for legal advice and made appropriate provision for these claims.

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Other payables

The following is an analysis of other payables of the Group by nature as at end of each year/period end:

	As at 31 December		As at
	2024	2025	31 March
	RMB'000	RMB'000	2026
Other Payables			
— Research and development costs	4,427	5,402	5,402
— Provision made for the shortfall of housing provident fund contributions . .	3,884	4,413	4,533
— Provision made for the shortfall of social insurance	1,646	1,646	1,646
— Payables for [REDACTED]	—	—	625
— Amounts due to employees	9,192	5,876	8,328
— Legal and professional expenses	2,533	3,631	3,700
— Tender deposits from suppliers	3,268	9,500	9,000
— Refundable security deposits from customers	12,620	14,362	19,543
— Others	1,726	2,928	3,405
	<u>39,296</u>	<u>47,758</u>	<u>56,182</u>

Our other payables increased from approximately RMB39.3 million as at 31 December 2024 to approximately RMB47.8 million as at 31 December 2025, which was mainly due to the increase in tender deposits from customers. For 3M2026, other payable further increased to RMB56.2 million, which was mainly due to the increase in refundable security deposit and amounts due to employees.

Right-of-use assets

Right-of-use assets of our Group are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. During the Track Record Period, our Group leases various offices and production facility for its operations. Lease contracts are entered into for a fixed term of two years to seven years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Details of our right-of-use assets are summarised in note 16 to the Accountants' Report set out in Appendix I to this document.

INDEBTEDNESS

As of 30 April 2026, being the most recent practicable date for this indebtedness statement, save as disclosed below in this paragraph, we do not have any debt securities, term loans, borrowings or indebtedness in the nature of borrowing, mortgages, charges, hire purchase commitments, contingent liabilities, debentures or guarantees. Our Directors confirmed that we had neither experienced any difficulties in obtaining or repaying our bank loans or other bank facilities during the Track Record Period. Our Directors confirmed that there has not been any material change in our indebtedness or contingent liabilities since 30 April 2026 and up to the date of this document. Our Directors further confirm that, during the Track Record Period and up to the Latest Practicable Date, there was no material covenant on any of outstanding indebtedness or any breach thereof.

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The following table sets forth our Group’s indebtedness as at the respective dates indicated:

	As at 31 December		As at 31 March	As at
	2024	2025	2026	30 April 2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Non-current liabilities				
Lease liabilities	11,116	9,703	9,332	9,207
Current liabilities				
Amount due to a director	3,205	4,335	4,606	4,606
Bank borrowings	34,450	26,000	17,800	26,000
Lease liabilities	1,627	1,413	1,441	1,451
	39,282	31,748	23,847	32,057
Total indebtedness.	50,398	41,451	33,179	41,264

Bank borrowings

Of the bank borrowings as at 31 December 2024, 31 December 2025 and 31 March 2026, (i) approximately RMB34.5 million, RMB26.0 million and RMB17.8 million, respectively, carried fixed interest rates of 4.5% per annum; and (ii) the remaining bank borrowings as at 31 December 2024 amounted to RMB6.5 million were variable-rate borrowing which carried interest rates of Loan Prime Rate plus 1.7% per annum issued by The People’s Bank of China.

As at 30 April 2026, our bank borrowings amounted to approximately RMB26.0 million. The banking facilities of our Group were secured by (i) receivables under certain contracts; (ii) personal guarantee provided by Mr. CQ Liu and Mr. RQ Liu; and (iii) properties owned by Mr. CQ Liu, Mr. RQ Liu and a close family member of Mr. RQ Liu. The aforesaid personal guarantee and legal charge over properties will be released, or the bank borrowings secured by such securities will be repaid before or upon [REDACTED].

Lease liabilities

During the Track Record Period, our Group leases various offices and production facility for its operations. Lease contracts are entered into for fixed term of 2 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The incremental borrowing rates applied to lease liabilities are at range of 5% to 8%, 8% and 8% as at 31 December 2024, 31 December 2025 and 31 March 2026, respectively.

The amount of lease liabilities payable to related parties was approximately RMB0.4 million, nil and nil, as at 31 December 2024, 31 December 2025 and 31 March 2026, respectively, and the details of lease rental payments to related parties are set out in note 32 to the Accountants’ Report of our Group set out in Appendix I to this document.

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Amounts due to a director

Our amount due to a director is non-trade, unsecured, interest free and repayable on demand. As at 31 December 2024, 31 December 2025 and 31 March 2026, the amount due to a director represented cash advanced by Mr. CQ Liu to our Group for working capital purpose. As at 30 April 2026, the amount due to a director was approximately RMB4.6 million and such amount will be settled by our Group before [REDACTED].

CONTINGENT LIABILITIES

During the Track Record Period, we have been involved in certain litigation and claims, details of which are disclosed in the section headed “Business — Litigations and Claims” in this document.

OFF-BALANCE-SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, our Group had not entered into any material off-balance-sheet commitments or arrangements.

KEY FINANCIAL RATIO

	FY2024 or as at 31 December 2024	FY2025 or as at 31 December 2025	3M2026 or as at 31 March 2026
Gross profit margin	14.0%	12.7%	12.0%
Net profit margin	2.6%	3.1%	4.0%
Return on equity	4.5%	4.8%	1.2%
Return on total assets	1.5%	1.6%	0.4%
Current ratio	1.5 times	1.5 times	1.4 times
Quick ratio	1.5 times	1.5 times	1.4 times
Gearing ratio	13.3%	10.4%	8.2%

Gross profit margin

Please refer to the paragraph headed “Principal components of results of operation — Gross profit and gross profit margin” in this section for the reasons for the fluctuation in our gross profit margin.

Net profit margin

The net profit margin is calculated as profit and total comprehensive income for the year/period attributable to owners of the Company divided by the respective revenue.

Our net profit margin increased from approximately 2.6% for FY2024 to approximately 3.1% for FY2025, but increased to approximately 4.0% for 3M2026. Such changes were mainly due to the changes in our gross profit margin as mentioned above.

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Return on equity

Return on equity is calculated as profit and total comprehensive income for the year/period attributable to owners of the Company divided by the ending equity attributable to owners of the Company as at the respective reporting dates.

Our return on equity was approximately 4.5%, 4.8% and 1.2% for each of FY2024, FY2025 and 3M2026, respectively.

Return on total assets

Return on total assets is calculated as profit and total comprehensive income for the year/period divided by the ending total assets as at the respective reporting dates.

Our return on total assets was approximately 1.5%, 1.6% and 0.4% for each of FY2024, FY2025 and 3M2026, respectively. The change in our return on total assets over the three financial years was mainly due to reasons similar to those for the change in our return on equity as discussed above.

Current ratio

Current ratio is calculated as current assets divided by current liabilities as at the respective reporting dates.

Our current ratio remained stable at approximately 1.5 times as at 31 December 2024, approximately 1.5 times as at 31 December 2025 and approximately 1.4 times as at 31 March 2026.

Quick ratio

Quick ratio is calculated as current assets minus inventories, then divided by current liabilities as at the respective reporting dates. Due to our business nature, we did not have any inventories during the Track Record Period. As such, our quick ratio was the same as our current ratio.

Gearing ratio

Gearing ratio is calculated as total borrowings (i.e. bank borrowings, lease liabilities and amount due to a director) divided by the total equity as at the respective reporting dates.

Our gearing ratio decreased from approximately 13.3% as at 31 December 2024 to approximately 10.4% as at 31 December 2025 and approximately 8.2% as at 31 March 2026, which was mainly due to the decrease trend in bank borrowings for FY2025 and 3M2026.

RELATED PARTY TRANSACTIONS

Our Directors confirm that all transactions with related parties described in note 32 of the Accountants’ Report were conducted on normal commercial terms determined after arm’s length negotiation having considered the rental paid for our office is comparable to the prevailing market rent of comparable properties in similar locations, which are considered fair, reasonable and in the interest of the Shareholders of our Company as a whole.

Please refer to the note 32 to the Accountants’ Report in Appendix I to this document for further details of the related party transactions.

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FINANCIAL RISK AND CAPITAL MANAGEMENT

Our Group is exposed to credit risk, liquidity risk and market risk in the normal course of business. For further details of our financial risk management, please refer to “Business — Risk management and internal control systems” and note 29 of the Accountants’ Report set out in Appendix I to this document.

We manage our capital to ensure that entities in our Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Our overall strategy remains unchanged throughout the Track Record Period.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

Please refer to Appendix II to this document for further details.

DISTRIBUTABLE RESERVE

Our Company was incorporated on 28 August 2024 and is an investment holding company. There were no reserves available for distribution to the Shareholders as at 31 December 2024, 31 December 2025 and 31 March 2026.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF FINANCIAL RISKS

We are exposed to a variety of financial risks including market risk, credit risk, and liquidity risk. Details of such risks are set out in note 30 to the Accountants’ Report in Appendix I to this document.

DIVIDEND

No dividend has been paid or declared by our Company during the Track Record Period. No dividend was declared or paid by companies now comprising our Group to its then shareholders during the Track Record Period.

Any future declarations and payments of dividends will be at the absolute discretion of our Board and if necessary, subject to the approval of our Shareholders at general meetings. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. Currently, our Company and its subsidiaries do not have any dividend policy or intention to declare or pay any dividends in the near future. As advised by our legal adviser as to Cayman Islands law, the Company may declare dividend (a) out of profits of the Company if our Company has sufficient profits, realised or unrealised, unless such is contrary to the accounting principles adopted by the Company or (b) out of the share premium of our Company if following the date on which the dividend is proposed to be paid, our Company is able to pay its debts as they fall due in the ordinary course of business. In determining whether to declare a dividend, our Board will need to be satisfied that the declaration of dividend is in the best interest of the Company and may make provision for losses. Investors should not purchase our Shares with the expectation of receiving cash dividends.

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[REDACTED]

The total amount of [REDACTED] represents professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED] is estimated to be approximately RMB[REDACTED] million (equivalent to approximately HK\$[REDACTED] million) (based on the mid-point of the indicative [REDACTED] and assuming the [REDACTED] is not exercised), representing approximately [REDACTED]% of our estimated gross [REDACTED] from the [REDACTED] (based on the mid-point of the indicative [REDACTED] and assuming the [REDACTED] is not exercised). We estimate that our [REDACTED], comprising (i) [REDACTED], including [REDACTED], of approximately RMB[REDACTED] million (equivalent to approximately HK\$[REDACTED] million); and (ii) [REDACTED] expenses of approximately RMB[REDACTED] million (equivalent to approximately HK\$[REDACTED] million), including (a) fees paid and payable to legal advisers and the Reporting Accountants of approximately RMB[REDACTED] million (equivalent to approximately HK\$[REDACTED] million); and (b) other fees and expenses of approximately RMB[REDACTED] million (equivalent to approximately HK\$[REDACTED] million). The [REDACTED] of: (i) approximately RMB[REDACTED] million (equivalent to approximately HK\$[REDACTED] million) is directly attributable to the issue of the [REDACTED] and is to be accounted for as a deduction from equity in accordance with the relevant accounting standards; and (ii) approximately RMB[REDACTED] million (equivalent to approximately HK\$[REDACTED] million) has been or is to be charged to the consolidated statements of profit or loss. Expenses in relation to the [REDACTED] are non-recurring in nature.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors confirm that, as at the Latest Practicable Date, they were not aware of any circumstances which would have given rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

MATERIAL ADVERSE CHANGE

Our Directors confirm that, save for the expenses in connection with the [REDACTED], up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since 31 March 2026, and there had been no events since 31 March 2026 which would materially affect the information shown in our consolidated financial statements included in the Accountants’ Report set out in Appendix I to this document.

FUTURE PLANS AND [REDACTED]

BUSINESS OBJECTIVES AND STRATEGIES

Our Group will endeavor to expand our business operations by adopting our business strategies through the following implementation plans. For details of our business strategies, please refer to the section headed “Business — Business strategies” in this document. Our Group’s actual course of business may vary from the business objectives set out in this document. There can be no assurance that the plans of our Group will be materialised in accordance with the expected time frame or that the business objectives of our Group will be accomplished at all.

REASONS FOR THE [REDACTED]

The principal business objective of our Group is to further strengthen our market position, increase our market share and capture the growth in the PRC curtain wall industry. We intend to achieve our business objective by expanding our scale of operation through our intended effort in actively seeking opportunities in undertaking additional curtain wall projects, from both our existing and potential new customers, on top of our present scale of operation and our current projects on hand. Our Directors believe that the [REDACTED] is beneficial to our Company and our Shareholders as a whole taking into consideration the followings:

- the net [REDACTED] from the [REDACTED] will provide additional financial resources to our Group for our business plans as set out in the section headed “Business — Business strategies” of this document, which will further strengthen our market position and expand our market share in the curtain wall industry in the PRC;
- a [REDACTED] status will enhance our corporate profile and recognition and enable our Group to be considered more favourably by our customers when tendering for curtain wall projects, given that a [REDACTED] company is subject to ongoing regulatory compliance for announcements, financial disclosures and corporate governance;
- the [REDACTED] will provide a fund-raising platform for our Company, thereby enabling us to raise the capital required to finance our future growth and expansion without reliance on our Controlling Shareholders. Such platform would allow us to gain direct access to the capital market for equity and/or debt financing, both at the time of the [REDACTED] as well as at later stage, to fund our existing operations and future expansion, which could be instrumental to our expansion and improving our operating and financial performance to enhance Shareholders’ return; and
- upon the [REDACTED], our Shares will be freely [REDACTED] on the Stock Exchange. A [REDACTED] status will offer us a broader shareholder base which could lead to a more liquid market in the [REDACTED] of our Shares.

FUTURE PLANS AND [REDACTED]

[REDACTED]

We estimate that the net [REDACTED] from the [REDACTED] (assuming the [REDACTED] is not exercised) based on the [REDACTED] Price of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED], after deducting the related expenses, are estimated to be approximately HK\$[REDACTED] million. We intend to apply such net [REDACTED] in the following manner:

- (a) approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the estimated net [REDACTED], will be used for financing the up-front costs of our projects;

Depending on our terms of engagement with different customers, in respect of top projects undertaken during the Track Record Period, the total amount of up-front costs incurred by our Group generally represented approximately 15% to 30% of the contract sum of the project. The specific amount of up-front costs incurred may vary from project to project, depending on the scale of the project, the schedule of project implementation and the length of our business relationships with the relevant customers. In addition, we may experience cash flow mismatch from time to time as our projects progress, which largely depend on (i) our customers’ internal certification process of our payment applications and internal approval process of our invoices; (ii) the settlement timeframe to our suppliers; and (iii) the number and scale of our projects in progress. The liquidity needs of our projects would therefore impose a constraint on the number and/or scale of the projects which we could undertake concurrently if we solely rely on our operating cash flow to support our expansion.

Our executive Directors have earmarked three projects awarded after the Track Record Period which we intend to apply the net [REDACTED] from the [REDACTED] towards fulfilling part of the relevant up-front costs, details of which are set forth in the table below:

Project No.	Customer	Private/ public sector	Nature of projects	Status ^(Note 3)	Date of commencement and completion of our works ^(Note 1)	Estimated contract sum	Estimated amount of up-front costs ^(Note 2)	Cost paid as at the Latest Practicable Date
						(RMB'000)	(RMB'000)	(RMB'000)
New 1	Customer O	Private	Residential	Awarded	Commencement: June 2026 Completion: April 2028	330,143	49,521	—
New 2	Customer Group B	Public	Public facility	Awarded	Commencement: January 2027 Completion: December 2028	154,734	23,210	—
New 4	Customer Group B	Private	Public facility	Awarded	Commencement: January 2027 Completion: December 2028	94,355	14,153	—
Total						579,232	86,884	—

Notes:

- The expected commencement and completion dates are provided based on our management’s best estimation. In making the estimation, our management takes into account factors including the letter of award and the tender information.

FUTURE PLANS AND [REDACTED]

2. The up-front costs are estimated under the assumption that up-front costs incurred by our Group will be 15% of the contract sum and there would be no advance payment arrangement with the relevant customers, given that the detailed terms of the projects are subject to the formal contracts.
3. Awarded represented projects that were newly awarded by way of tender notification document and/or construction contracts.

In the event that the net [REDACTED] designated by us are insufficient to fully fund the up-front costs of those projects successfully obtained by us, we currently plan to finance the shortfall by our internal resources and/or debt financing.

There is no assurance that we can accurately estimate when exactly we are required to incur the up-front costs for the projects awarded. These timelines will depend on, among others, (i) the implementation timetable of the projects which may or may not be varied by the project owners and/or main contractors; (ii) the particular customer’s internal arrangement which may be affected by market conditions and may or may not adhere to the original project timetable provided to us; (iii) the scope of work of the project which may in turn affect whether and when we are required to make payments to our subcontractors and suppliers; and (iv) our negotiation and/or formal contracts with our customers which may in turn affect the payment terms of our projects.

- (b) approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the estimated net [REDACTED], will be used for strengthening our research and development capabilities to cater to our customers’ requirements in regards to eco-friendliness and photovoltaic features;

As set out in the section headed “Business - Business strategies” in this document, the photovoltaics curtain wall segment presents high barriers to entry due to stringent qualification requirements and the need for specialised technical expertise. According to the Industry Report, while over 8,000 companies in the PRC hold Grade 1 curtain wall contracting qualifications, only around 800 possess both top-tier contracting and design qualifications. Having successfully completed one curtain wall project with photovoltaic features, our Group has established a track record that positions us to compete within this specialised segment of the market. To capitalise on this opportunity, we intend to implement a targeted expansion strategy focused on photovoltaic curtain wall business as well as cater to any other eco-friendly requirements of our customers.

Given the regulatory requirements and technical entry barriers for Building-Integrated Photovoltaics projects as advised by the Industry Report, strengthening our in-house technical capabilities is expected to increase our project execution efficiency. Accordingly, we plan to allocate a portion of the net [REDACTED] from the [REDACTED] toward strengthening our research and development capabilities to cater to our customers’ requirements in regards to eco-friendliness and photovoltaic features.

FUTURE PLANS AND [REDACTED]

The following table sets out a breakdown of the estimated funding needs for this purpose:

Usage	Details	Amount
		<i>RMB'million</i>
Labour	Being the salaries for R&D staffs and construction site personnel, including technicians, quality control inspectors, safety officers	[REDACTED]
Material	Including direct material costs for R&D (R&D wastage and test specimens only)	[REDACTED]
Hiring external experts .	Including expert fees for certifications and consultations for specific project	[REDACTED]
Build prototypes and testing	Including costs for building a demonstration platform to conduct a pilot test for the project	[REDACTED]
Others	Including rental of equipment and software, patent applications and third-party testing and assessment	[REDACTED]
		Total:
		[REDACTED]

The remaining amounts will be financed with our own internal resources and/or debt financing.

- (c) approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the estimated net [REDACTED], will be used for repayment for our bank borrowings after [REDACTED]. As at 31 March 2026, our Group had bank borrowings of approximately RMB17.8 million; and
- (d) approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the estimated net [REDACTED], will be reserved as our general working capital.

FUTURE PLANS AND [REDACTED]

The table below sets forth a summary of our implementation plan:

	Within the first to sixth month period from the [REDACTED]	Within the seventh to twelfth month period from the [REDACTED]	Total	Approximate % of net [REDACTED]
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	
Financing the up-front costs of our projects	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Strengthening our research and development capabilities to cater to our customers’ requirements in regards to eco-friendliness and photovoltaic features	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Repayment for our bank borrowings after [REDACTED]	[REDACTED]	—	[REDACTED]	[REDACTED]
General working capital	[REDACTED]	—	[REDACTED]	[REDACTED]
	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>100.0</u>

BASIS AND ASSUMPTIONS

The implementation plan set out by our Directors is based on the following assumptions:

- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- there will be no material changes in the funding requirement for each of our Group’s future plans described in this document from the amount as estimated by our Directors;
- there will be no material changes in existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- there will be no changes in the effectiveness of the licences, permits and qualifications obtained by our Group, where applicable;
- there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the businesses or operations of our Group; and
- our Group will not be materially affected by the risk factors as set out in the section headed “Risk factors” in this document.

There can be no assurance that the net [REDACTED] from the [REDACTED] will be sufficient for fully implementing our business expansion plans. For instance, the up-front costs requirement for projects awarded to us may exceed the net [REDACTED] allocated for such purpose as set out above.

FUTURE PLANS AND [REDACTED]

In the event any of the above occurs or that the [REDACTED] becomes unsuccessful such that the net [REDACTED] from the [REDACTED] becomes unavailable to us, we may adjust the timing and scale of our business expansion plans and/or seek alternative form of financing.

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

In the event that the [REDACTED] is exercised in full, we estimate that we will receive additional net [REDACTED] from the sales of these additional [REDACTED] of approximately HK\$[REDACTED] million, after deducting the [REDACTED] and other estimated [REDACTED] expenses payable by us and assuming an [REDACTED] Price of HK\$[REDACTED] per Share, being the mid-point of the proposed [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED]. In the event that the [REDACTED] Price is set at the low-end of the proposed [REDACTED] and the [REDACTED] is exercised in full, our Company will receive additional net [REDACTED] of approximately HK\$[REDACTED] million. In the event that the [REDACTED] Price is set at the high-end of the proposed [REDACTED] and the [REDACTED] is exercised in full, our Company will receive additional net [REDACTED] of approximately HK\$[REDACTED] million. The allocation of the additional net [REDACTED] will be used in the same proportions as set out above.

Assuming the [REDACTED] is not exercised at all, and in the event that the [REDACTED] Price is set at the highest or lowest point of the indicative [REDACTED], the net [REDACTED] to be received from the [REDACTED] will increase or decrease by approximately HK\$[REDACTED] million, respectively. In such event, the net [REDACTED] will be used in the same proportions as disclosed above.

We will issue an announcement in the event that there is any material change in the [REDACTED] of the [REDACTED] as described above.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

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ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-68, received from the Company’s reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF YUEYUAN GROUP HOLDINGS COMPANY LIMITED

Introduction

We report on the historical financial information of Yueyuan Group Holdings Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages I-5 to I-68, which comprises the consolidated statements of financial position of the Group as at 31 December 2024 and 2025 and 31 March 2026, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the two years ended 31 December 2025 and three months ended 31 March 2026 (the “**Track Record Period**”) and a summary of material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-5 to I-68 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the “**Document**”) in connection with the initial [REDACTED] of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “*Accountants’ Reports on Historical Financial Information in Investment Circulars*” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2

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ACCOUNTANTS’ REPORT

to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Group’s financial position as at 31 December 2024 and 2025 and 31 March 2026, and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises 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 three months ended 31 March 2025 and other explanatory information (the “**Stub Period Comparative Financial Information**”). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on I-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which states that no dividend was declared or paid by the Company or its subsidiaries in respect of the Track Record Period.

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No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hong Kong
[date]

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HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The combined financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by HLB Hodgson Impey Cheng Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (the “**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		Three months ended 31 March	
		2024	2025	2025	2026
	Notes	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Revenue	7	664,661	627,161	126,934	127,584
Cost of sales		(571,295)	(547,462)	(111,689)	(112,296)
Gross profit.		93,366	79,699	15,245	15,288
Other income and losses . . .	8	2,193	881	519	163
Selling expenses		(1,058)	(1,030)	(240)	(203)
Administrative expenses. . . .		(59,706)	(52,969)	(10,402)	(13,970)
(Provision for)/reversal of impairment losses on trade and other receivables and contract assets		(12,492)	(2,034)	5,426	4,604
Finance costs.	9	(4,619)	(3,553)	(1,438)	(608)
Profit before taxation.	11	17,684	20,994	9,110	5,274
Income tax expense	10	(535)	(1,655)	(1,869)	(193)
Profit and total comprehensive income for the year/period		17,149	19,339	7,241	5,081
Profit and total comprehensive income for the year/period attributable to:					
Owners of the Company. . . .		16,129	18,189	6,811	4,779
Non-controlling interests . . .		1,020	1,150	430	302
		17,149	19,339	7,241	5,081

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December		As at 31 March
		2024	2025	2026
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets				
Property, plant and equipment	15	2,859	2,320	2,188
Right-of-use assets	16	12,427	10,276	9,836
Investment properties	17	1,760	1,500	1,490
Deferred tax assets	25	9,154	10,754	10,797
		<u>26,200</u>	<u>24,850</u>	<u>24,311</u>
Current assets				
Properties held for sale		3,020	—	—
Trade and other receivables	18	285,693	269,256	282,234
Contract assets	19	815,744	920,352	974,577
Restricted bank balances	20	14,011	412	1,705
Cash and cash equivalents	20	8,226	8,420	267
		<u>1,126,694</u>	<u>1,198,440</u>	<u>1,258,783</u>
Current liabilities				
Trade and other payables	21	680,450	708,029	765,328
Contract liabilities	19	33,062	66,522	72,093
Amount due to a director	22	3,205	4,335	4,606
Income tax payables		8,895	7,860	7,985
Bank borrowings	23	34,450	26,000	17,800
Lease liabilities	24	1,627	1,413	1,441
		<u>761,689</u>	<u>814,159</u>	<u>869,253</u>
Net current assets		<u>365,005</u>	<u>384,281</u>	<u>389,530</u>
Total assets less current liabilities		<u>391,205</u>	<u>409,131</u>	<u>413,841</u>
Non-current liabilities				
Lease liabilities	24	11,116	9,703	9,332
		<u>11,116</u>	<u>9,703</u>	<u>9,332</u>
Net assets		<u>380,089</u>	<u>399,428</u>	<u>404,509</u>
Capital and reserves				
Share capital	26	9	9	9
Reserves		<u>361,411</u>	<u>379,600</u>	<u>384,379</u>
Equity attributable to owners of the Company		361,420	379,609	384,388
Non-controlling interests		<u>18,669</u>	<u>19,819</u>	<u>20,121</u>
Total equity		<u>380,089</u>	<u>399,428</u>	<u>404,509</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Other reserve	PRC statutory reserves	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (Note 26)	RMB'000 (Note (a))	RMB'000 (Note (b))	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024	150,000	—	22,356	177,926	350,282	12,649	362,931
Reorganisation	(150,000)	145,000	—	—	(5,000)	5,000	—
Issue of shares	9	—	—	—	9	—	9
Profit and total comprehensive income for the year	—	—	—	16,129	16,129	1,020	17,149
Transfer to PRC statutory reserves	—	—	2,265	(2,265)	—	—	—
Balance at 31 December 2024 and 1 January 2025	9	145,000	24,621	191,790	361,420	18,669	380,089
Profit and total comprehensive income for the year	—	—	—	18,189	18,189	1,150	19,339
Transfer the PRC statutory reserves	—	—	2,075	(2,075)	—	—	—
Balance at 31 December 2025 and 1 January 2026	9	145,000	26,696	207,904	379,609	19,819	399,428
Profit and total comprehensive income for the period	—	—	—	4,779	4,779	302	5,081
Transfer the PRC statutory reserve	—	—	534	(534)	—	—	—
Balance at 31 March 2026	9	145,000	27,230	212,149	384,388	20,121	404,509

(unaudited)	Share capital	Other reserve	PRC statutory reserves	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (Note 26)	RMB'000 (Note (a))	RMB'000 (Note (b))	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2025	9	145,000	24,621	191,790	361,420	18,669	380,089
Profit and total comprehensive income for the period	—	—	—	6,811	6,811	430	7,241
Transfer to PRC statutory reserves	—	—	776	(776)	—	—	—
Balance at 31 March 2025	9	145,000	25,397	197,825	368,231	19,099	387,330

Notes:

- (a) Other reserve represents the then registered capital of Shenzhen Yueyuan held by the Mr. Liu Ruquan (“**Mr. RQ Liu**”) and Mr. Liu Canquan (“**Mr. CQ Liu**”) before the Reorganisation.
- (b) Pursuant to relevant PRC laws, each of the subsidiaries in Mainland China is required to appropriate 10 per cent of its net profit to a non-distributable statutory reserve until such reserve reaches 50 per cent of the subsidiary’s registered capital. The statutory reserve can be utilised, upon approval by the shareholders of the subsidiary, to offset accumulated losses or to increase the paid-in capital of the subsidiary, provided that the balance of the reserve after transfer to paid-up capital is not less than 25 per cent of the subsidiary’s registered capital.

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STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	As at 31 December	As at 31 March
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Non-current assets			
Investment in a subsidiary.	—#	—#	—#
Current assets			
Cash and cash equivalents.	9	9	9
Net assets	9	9	9
Equity and reserves			
Share capital	9	9	9

Represents amount less than RMB1,000.

STATEMENT OF CHANGES IN EQUITY

	Share capital	Total
	RMB'000	RMB'000
Issue of share.	9	9
At 31 December 2024, 31 December 2025 and 31 March 2026	9	9

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
<i>Note</i>				
Operating activities				
Profit before taxation	17,684	20,994	9,110	5,274
Adjustments for:				
Finance costs	4,619	3,553	1,438	608
Interest income	(47)	(7)	(4)	(2)
Depreciation of property, plant and equipment	599	539	141	132
Depreciation of right-of-use assets	2,682	2,151	570	440
(Reversal of)/provision for impairment losses on contract assets	(19,024)	3,807	(5,710)	4,145
Provision for impairment/(reversal of) losses on trade receivables . .	34,780	(1,168)	(2,438)	(8,772)
Reversal of impairment losses on bill receivables	(295)	—	—	—
(Reversal of)/provision for impairment losses on other receivables and deposits . . .	(2,969)	(605)	2,722	23
Fair value changes of investment properties	310	260	—	10
Gain on termination of leases . .	(1,596)	—	—	—
Gain on disposal of investment properties	—	(197)	(197)	—
Operating cash flows before movements in working capital	36,743	29,327	5,632	1,858
Trade and other receivables . . .	(181,949)	(49,261)	483	(6,603)
Contract assets	6,117	(240,363)	(30,771)	(66,140)
Restricted bank balance	28,147	13,599	9,558	(1,293)
Trade and other payables	173,938	226,998	(46,080)	67,443
Amount due to a director	3,205	1,130	(3,205)	271
Contract liabilities	(24,327)	33,460	69,716	5,571
Cash generated from operating activities	41,874	14,890	5,333	1,107
Income tax paid	(3,133)	(4,290)	(1,078)	(111)
Net cash generated from operating activities	38,741	10,600	4,255	996

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CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	<i>Note</i>	Year ended 31 December		Three months ended 31 March	
		2024	2025	2025	2026
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (unaudited)	<i>RMB’000</i>
Investing activities					
Interest received		47	7	4	2
Proceeds from issuance of share capital		9	—	—	—
Proceeds from disposal of investment properties		—	3,217	3,217	—
Net cash generated from investing activities		<u>56</u>	<u>3,224</u>	<u>3,221</u>	<u>2</u>
Financing activities					
Interest paid		(4,619)	(3,553)	(1,438)	(608)
Proceeds from bank borrowings		28,000	26,000	26,000	7,800
Repayments of bank borrowings		(54,470)	(34,450)	(34,450)	(16,000)
Principal elements of lease payments		(2,016)	(1,627)	(394)	(343)
Net cash used in financing activities		<u>(33,105)</u>	<u>(13,630)</u>	<u>(10,282)</u>	<u>(9,151)</u>
Net increase/(decrease) in cash and cash equivalents		5,692	194	(2,806)	(8,153)
Cash and cash equivalents at beginning of the year/period		<u>2,534</u>	<u>8,226</u>	<u>8,226</u>	<u>8,420</u>
Cash and cash equivalents at ending of the year/period . . .		<u>8,226</u>	<u>8,420</u>	<u>5,420</u>	<u>267</u>
Analysis of the balances of cash and cash equivalents: . .	20	<u>8,226</u>	<u>8,420</u>	<u>5,420</u>	<u>267</u>

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Yueyuan Group Holdings Company Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Act of the Cayman Islands on 28 August 2024. The addresses of its registered office is 4th Floor, Harbour Place, 103 south Church Street, PO Box 10240, Grand Cayman, HY1-1002, Cayman Islands and principal place of business of the Company is Room 1603, 16/F, China Building, 29 Queen’s Road Central, Central, Hong Kong.

The Company is an investment holding company and its subsidiaries (together “**the Group**”) are principally engaged in the business of curtain wall construction in the People’s Republic of China (the “**PRC**”).

The Company’s ultimate holding company is Diamond Soars Limited, a company incorporated in the British Virgin Islands (the “**BVI**”) and owned by Mr. RQ Liu.

Items included in the financial statements of each of the Group’s subsidiaries are measured using the currency of the primary economic environment in which the respective entity operates (the “**functional currency**”). The functional currencies of the Group’s operating subsidiaries are RMB. The consolidated financial statements are presented in RMB. The choice of presentation currency is to better reflect the currency that mainly determines economic effects of transactions, events and conditions of the Group. All values are rounded to nearest thousand (RMB’000) except when otherwise indicated.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) as issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Periods and in the period covered by the Interim Comparative Financial Information.

Throughout the Track Record Period, the group entities were under the control of Mr. CQ Liu and Mr. RQ Liu. Through a corporate reorganisation as more fully explained in the paragraph headed “Corporate Reorganisation” in “History, Reorganisation and Corporate structure” to the Document (the “**Reorganisation**”), the Company became the holding company of the companies now comprising the Group on 16 October 2024. Accordingly, for the purpose of the preparation of the Historical Financial Information of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the Track Record Period.

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Upon completion of the Reorganisation and as of the date of this report, the Company has the direct and indirect interest in the following subsidiaries:

Name of subsidiaries	Place and date of incorporation	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Company				Principal activities	Notes
			At 31 December 2024	At 31 December 2025	At 31 March 2026	At date of this report		
			%	%	%	%		
Directly owned								
Yueyuan Holdings (BVI) Limited	BVI, 29 August 2024	US\$1	100	100	100	100	Investment holding	(ii)
Indirectly owned								
Yueyuan Construction (Hong Kong) Limited	Hong Kong, 6 September 2024	HK\$1	100	100	100	100	Investment holding	(iii)
Strength Corporation Limited	Hong Kong, 18 January 2024	HK\$10,000	100	100	100	100	Investing holding	(iv)
粵源控股 (深圳)有限公司 (Yueyuan Holdings (Shenzhen) Limited*) [#]	PRC, 8 October 2024	Registered capital RMB60,000,000	100	100	100	100	Investment holding	(ii)
深圳勝隆企業管理有限公司 (Shenzhen Shenglong Enterprise Management Co. Ltd.*) [#]	PRC, 9 August 2024	Registered capital RMB100,000,000	99	99	99	99	Investment holding	(ii)
深圳勝隆控股有限公司 (Shenzhen Shenglong Holdings Co. Ltd.*) [#]	PRC, 12 August 2024	Registered capital RMB1,000,000	99	99	99	99	Investment holding	(ii)
深圳粵源建設有限責任公司 (Shenzhen Yueyuan Construction Co. Ltd.*) [#] (“Shenzhen Yueyuan”)	PRC, 25 October 1994	Registered capital RMB100,000,000	94.06	94.06	94.06	94.06	Engineering construction	(v)
惠州市粵源鋁製品有限公司 (Huizhou Yueyuan Aluminum Products Co. Ltd*) (“Yueyuan Aluminum”) [#]	PRC, 7 November 2013	Registered capital RMB1,000,000	94.06	94.06	94.06	94.06	Production of curtain wall panels and processing of aluminum alloy doors and windows	(ii) & (vi)

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Name of subsidiaries	Place and date of incorporation	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Company				Principal activities	Notes
			At 31 December 2024	At 31 December 2025	At 31 March 2026	At date of this report		
			%	%	%	%		
惠州粵源幕牆製作有限公司 (Huizhou Yueyuan Curtain Wall Production Co. Ltd*) (“Yueyuan Curtain Wall”) [#]	PRC, 9 August 2017	Registered capital RMB1,000,000	94.06	94.06	94.06	94.06	Processing of glass curtain walls, metal doors and windows, aluminum plate components and light steel part	(i) & (vi)

[#] These entities were incorporated or established in the PRC as companies with limited liability under the Company Law of the PRC.

* *English name is for identification purpose only.*

Notes:

- (i) No audited financial statements have been prepared for the Company as it was incorporated where there is no statutory requirement, and the Company has not carried on any business other than those transactions relating to the Reorganisation.
- (ii) No audited statutory financial statements have been prepared for these subsidiaries since their dates of incorporation as they were incorporated in a country where there is no statutory audit requirement.
- (iii) The statutory financial statements were audited by us and prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA for the period ended 31 December 2025.
- (iv) The statutory financial statements were audited by us and prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA for the period ended 31 December 2024 and for the year ended 31 December 2025.
- (v) The financial statements were audited by Shenzhen Zhongzheng Yinhe Certified Public Accountants (General Partnership) for the year ended 31 December 2024. No audited financial statements for the year ended 31 December 2025 have been prepared as there is no statutory audit requirement.
- (vi) A minority portion of the registered capital Yueyuan Aluminum and Yueyuan Curtain Wall — specifically 13.0% and 13.31% respectively was subject to freezing order imposed by a court in the PRC.

None of the subsidiaries had issued any debt securities at the end of each reporting period.

3. ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRSs	Annual Improvements to HKFRS Accounting Standards — Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

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The directors of the Company anticipate that the application of the new and amendments to HKFRS Accounting Standards will have no material impact on the Group’s financial position and financial performance in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared on the historical cost basis except for investment properties that are measured at fair values at the end of each reporting period, as disclosed in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this Historical Financial Information is determined on such a basis, except for leasing transactions that are within the scope of HKFRS 16 “*Leases*”, and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 “*Impairment of assets*”.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

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

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

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

Revenue from contracts with customers

The Group recognises revenue when performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

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A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

The Group provides curtain wall construction services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on the stage of completion of the contract using output method, i.e. based on surveys of the relevant services completed by the Group to date with reference to certificates issued by customers. The directors of the Company consider that output method would faithfully depict the Group’s performance towards complete satisfaction of these performance obligations in these contracts under HKFRS 15.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using the most likely amount, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the Track Record Period.

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its construction contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

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Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

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

Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign exchange reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income and losses”.

Employee benefits

Pension obligations and other social welfare benefits

Full-time employees of the Group in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to the employees. Chinese labor regulations require that the PRC subsidiaries, including consolidated affiliated entities of the Group make contributions to the government for these benefits based on certain percentages of the employees’ salaries, up to a

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maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the contributions made. The Group’s contributions to the defined contribution plans are expensed as incurred and not reduced by being forfeited by those employees who leave the plans prior to vesting fully in the contributions.

Bonus plan

The expected cost of bonuses is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonuses as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonuses are expected to be settled within one year and are measured at the amounts expected to be paid when they are settled.

Short-term and other long-term employee benefits

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

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities’ carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include cash, which comprises of cash on hand and demand deposits.

Taxation

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

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from ‘profit before taxation’ as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years/periods and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary

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difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary difference.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statements of financial position, except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

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

Investment properties

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Leases

Definition of 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.

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

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Short-term leases

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

The Group as lessee

Right-of-use assets

The Group recognises right-of-use asset at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

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

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits

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

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

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The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Research and development costs

Costs associated with research activities are expensed in profit or loss as they occur. Costs that directly attributable to the development activities are recognised as intangible assets provided they meet the following recognition requirements:

- (i) demonstration of technical feasibilities of the prospective product internal use or sale;
- (ii) sufficient technical, financial and other resources are available for completion;
- (iii) there is intention to complete the intangible asset and use or sell it;
- (iv) the Group’s ability to use or sell the intangible asset is demonstrated;
- (v) the intangible asset will generate probable economic benefits through internal use or sale;
and
- (vi) the expenditure attributable to the intangible asset can be reliably measured.

Capitalised development costs are amortised over the periods the Group expects to benefit from using or selling the products developed.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are expensed as incurred.

Impairment on property, plant and equipment and right-of-use assets other than goodwill

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

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

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

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

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

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

Provisions

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

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or

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loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade receivables and contract assets are considered as current assets since the balances are expected to be realised within the Group’s normal operating cycle or within one year from the reporting date, whichever is longer.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income (“FVTOCI”) designated as FVTOCI are measured at FVTPL.

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Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other income and losses” line item.

Impairment of financial assets subject to impairment assessment under HKFRS 9

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

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

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

The ECL rates adopted by the Company are determined that having considered that, among others, the Group has the Priority of Compensation to the proceeds from selling off or auctioning the underlying property projects for our contracted work in settling the debts owed and the Independent Valuer has been engaged to assess the market value of the underlying properties corresponding to the trade receivables.

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

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- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers that default has occurred when a financial asset is more than 365 days past due. The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group’s credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of accounts receivable trade receivables, when the amounts are over one year past due, whichever

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occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables and contract assets using a provision matrix taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

Interest income 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 amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a group entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, amount due to a director, bank borrowings and lease liabilities) are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in Note 4, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

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Progress towards of completion of construction works

The Group recognises its contract revenue over time by reference to the progress towards complete satisfaction of a performance obligation of the end of the reporting period, measured based on the surveys of work performed to date of the individual contract of construction works relative to total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting period. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue.

Impairment assessment of trade receivables and contract assets

The policy for impairment of trade receivables and contract assets of the Group is based on the evaluation of collectability and ageing analysis of trade receivables and contract assets as well as other quantitative and qualitative information and on management’s judgement and assessment of the forward-looking information. Significant judgement and estimates are required in assessing the ultimate realisation of these assets, based on the current creditworthiness, the past collection history and subsequent settlements of each customer. If the financial conditions of customers of the Group and the future economic conditions were to deteriorate, resulting in an impairment of their ability to make payments, additional provisions may be required. Further details are disclosed in Notes 18, 19 and 30(b) to the Historical Financial Information.

6. SEGMENT INFORMATION

The directors of the Company consider that the business of the Group is organised in one operating segment which is the business of curtain wall construction in the PRC. Additional disclosure in relation to segment information is not presented as the directors of the Company assess the performance of the sole operating segment identified based on the consistent information as disclosed in the consolidated financial statements.

Geographic information

All of the non-current assets of the Group are physically located in the PRC, and the revenue of the Group is all derived from operations in the PRC during the Track Record Period.

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Information about major customers

Revenue from customers of the corresponding years/periods contributing over 10% of the total sales of the Group are as follows:

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Customer A	N/A*	N/A*	N/A*	45,879
Customer B	N/A*	N/A*	N/A*	16,141
Customer C	N/A*	N/A*	N/A*	28,435
Customer D	N/A*	89,033	N/A*	N/A*
Customer E	83,384	151,568	30,085	N/A*
Customer F	171,133	N/A*	N/A*	N/A*
Customer G	N/A*	N/A*	27,929	N/A*
Customer H	N/A*	N/A*	14,773	N/A*

* Less than 10% of the Group’s revenue in respective year/period.

7. REVENUE

(i) Disaggregation of revenue from contracts with customers is as follows:

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15				
Curtain wall construction	664,661	627,161	126,934	127,584

(ii) Disaggregation of revenue from contracts with customers by the timing of revenue recognition is set out as below:

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Timing of revenue recognition				
— Over time	664,661	627,161	126,934	127,584

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(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 and 2025 and 31 March 2026 and the expected timing of recognising revenue are as follows:

	As at 31 December		As at 31 March
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Within one year	558,636	386,593	440,023
More than one year	195,984	54,404	330,143
	<u>754,620</u>	<u>440,997</u>	<u>770,166</u>

8. OTHER INCOME AND LOSSES

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest income	47	7	4	2
Rental income	111	—	—	—
Government grants (<i>Note</i>)	309	372	6	7
Fair value change in investment properties	(310)	(260)	—	(10)
Gain on disposal of investment properties	—	197	197	—
Gain on termination of leases	1,596	—	—	—
Others	440	565	312	164
	<u>2,193</u>	<u>881</u>	<u>519</u>	<u>163</u>

Note: Government grants mainly included subsidies received from various local government authorities in the PRC for its support to the research and innovation development, environmental housing construction and other employment support. There are no unfulfilled conditions or other contingencies attaching to these government grants.

9. FINANCE COSTS

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on bank borrowings	2,582	1,231	340	287
Interest on factoring loan	752	813	494	1
Interest on other borrowings	—	556	355	100
Interest on lease liabilities	1,285	953	249	220
	<u>4,619</u>	<u>3,553</u>	<u>1,438</u>	<u>608</u>

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10. INCOME TAX EXPENSE

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
PRC Enterprise Income Tax	2,442	3,255	302	236
Deferred tax (<i>Note 25</i>)	(1,907)	(1,600)	1,567	(43)
	535	1,655	1,869	193

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%, except for one subsidiary, Shenzhen Yueyuan. Shenzhen Yueyuan is qualified for a high and new technology enterprise (“**HNTE**”) on 19 December 2022 and renews its HNTE certification in 2022 and 2025. Shenzhen Yueyuan is eligible for 15% preferential tax rate effective for the years ended 31 December 2024, 2025 and for the three months ended 31 March 2025 and 2026.

No provision for taxation has been provided for companies in the Cayman Islands and the British Virgin Islands as they are not subject to any tax during the Track Record Period.

The income tax expense during the Track Record Period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before taxation	17,684	20,994	9,110	5,274
Tax at the statutory income tax rate of 25%	4,421	5,248	2,277	1,318
Tax effect of preferential income tax rates applicable to a subsidiary	(334)	(461)	(215)	(130)
Tax effect of expenses not deductible for tax purpose	678	486	465	158
Additional deduction of qualified research and development costs	(5,602)	(4,653)	(770)	(1,208)
Tax effect of tax losses not recognised	1,372	1,035	112	55
	535	1,655	1,869	193

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11. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging/(crediting):

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Employee benefit expense (including directors’ emoluments)				
— Salaries, discretionary bonuses, allowance and benefits in kind	17,193	14,464	3,689	3,440
— Pension scheme contributions (<i>Note (a)</i>) . .	3,288	2,275	664	521
Total staff costs	<u>20,481</u>	<u>16,739</u>	<u>4,353</u>	<u>3,961</u>
Auditors’ remuneration	110	133	61	—
Depreciation of property, plant and equipment . .				
— Cost of sales	401	370	92	92
— Administrative expenses	198	169	49	40
	<u>599</u>	<u>539</u>	<u>141</u>	<u>132</u>
Depreciation of right-of-use assets				
— Cost of sales	1,895	1,762	440	440
— Administrative expenses	787	389	130	—
	<u>2,682</u>	<u>2,151</u>	<u>570</u>	<u>440</u>
Research and development costs recognised as an expense (included in administrative expenses) (<i>Note (b)</i>)	25,116	26,707	3,080	6,434
(Reversal of)/provision for impairment losses on contract assets.	(19,024)	3,807	(5,710)	4,145
Provision for/(reversal of) impairment losses on trade receivables	34,780	(1,168)	(2,438)	(8,772)
Reversal of impairment losses on bill receivables	(295)	—	—	—
(Reversal of)/provision for impairment losses on other receivables and deposits	(2,969)	(605)	2,722	23
[REDACTED]	<u>2,708</u>	<u>1,943</u>	<u>459</u>	<u>625</u>

Notes:

- (a) Employees participate in employee social insurance plans established in the PRC, which cover pension and other welfare benefits. The plans are organised and administered by the government authorities. Except for the contributions made to these social insurance plans, the Group has no other commitments owing to the employees. According to the relevant regulations, the contributions that should be borne by the companies within the Group as required by the above social insurance plans are principally determined based on percentages of the basic salaries of employees, subject to certain ceilings imposed. These contributions are expensed as incurred.

No forfeited contributions were utilised by the Group to reduce its contributions to the abovementioned social insurance plan during the Track Record Period.

- (b) RMB4,454,000, RMB4,178,000, RMB1,050,000 and RMB931,000 disclosed in the item of “Employee benefit expense” for the years ended 31 December 2024 and 2025 and the three months ended 31 March 2025 (unaudited) and 2026, respectively, were also included in “Research and development costs”

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12. DIRECTORS’ AND EMPLOYEES’ EMOLUMENTS

(a) Directors’ emoluments

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

Year ended 31 December 2024

	Fees	Salaries	Discretionary bonuses	Allowance and benefits in kind	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. CQ Liu (<i>Note (i)</i>)	—	115	—	—	—	115
Mr. Liu Weijian (“ Mr. WJ Liu ”) (<i>Note (ii)</i>).	—	127	—	4	14	145
Non-executive directors						
Mr. RQ Liu (<i>Note (iii)</i>)	—	108	—	—	—	108
Ms. Li Ruyan (<i>Note (iii)</i>)	—	72	—	—	—	72
Total	—	422	—	4	14	440

Year ended 31 December 2025

	Fees	Salaries	Discretionary bonuses	Allowance and benefits in kind	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. CQ Liu (<i>Note (i)</i>)	—	115	—	—	—	115
Mr. WJ Liu (<i>Note (ii)</i>)	—	102	24	4	23	153
Non-executive directors						
Mr. RQ Liu (<i>Note (iii)</i>)	—	105	—	—	—	105
Ms. Li Ruyan (<i>Note (iii)</i>)	—	72	—	—	—	72
Total	—	394	24	4	23	445

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Three months ended 31 March 2025 (unaudited)

	Fees	Salaries	Discretionary bonuses	Allowance and benefits in kind	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. CQ Liu (<i>Note (i)</i>)	—	27	—	—	—	27
Mr. WJ Liu (<i>Note (ii)</i>)	—	26	6	1	6	39
Non-executive directors						
Mr. RQ Liu (<i>Note (iii)</i>)	—	27	—	—	—	27
Ms. Li Ruyan (<i>Note (iii)</i>)	—	18	—	—	—	18
Total	—	98	6	1	6	111

Three months ended 31 March 2026

	Fees	Salaries	Discretionary bonuses	Allowance and benefits in kind	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. CQ Liu (<i>Note (i)</i>)	—	29	—	—	—	29
Mr. WJ Liu (<i>Note (ii)</i>)	—	24	6	1	6	37
Non-executive directors						
Mr. RQ Liu (<i>Note (iii)</i>)	—	21	—	—	—	21
Ms. Li Ruyan (<i>Note (iii)</i>)	—	18	—	—	—	18
Total	—	92	6	1	6	105

Notes:

- (i) Mr. CQ Liu was appointed as an executive director and the chief executive officer of the Company on 19 October 2024.
- (ii) Mr. WJ Liu was appointed as an executive director of the Company on 19 October 2024.
- (iii) Mr. RQ Liu and Ms. Li Ruyan were appointed as non-executive directors of the Company on 19 October 2024.

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(b) Employees’ emoluments

The five highest paid individuals did not include any directors for the years ended 31 December 2024 and 2025 and the three months ended 31 March 2025 (unaudited) and 2026, whose emoluments are included in the disclosures in (a) above for the Track Record Period. The emoluments of the remaining 5 individuals for the years ended 31 December 2024 and 2025 and the three months ended 31 March 2025 (unaudited) and 2026, respectively, are as follows:

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, discretionary bonuses, allowance and benefits in kind	1,249	1,253	309	314
Pension scheme contributions	38	86	21	22
	<u>1,287</u>	<u>1,339</u>	<u>330</u>	<u>336</u>

The emoluments of the highest paid employees who are not director of the Company were within the following band:

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
			(unaudited)	
Nil to HK\$1,000,000	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

During the Track Record Period, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived or agreed to waive any emoluments during the Track Record Period.

13. DIVIDENDS

No dividends were declared or paid by the Company and its subsidiaries during the Track Record Period.

14. EARNINGS PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful having regard to the Reorganisation of the Group and the result of the Group for the Track Record Period that is prepared on a combined basis as set out in Note 2.

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15. PROPERTY, PLANT AND EQUIPMENT

	Plants and machinery	Furniture and fixtures and office equipment	Motor vehicles	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST					
At 1 January 2024,					
31 December 2024, 2025 and 31					
March 2026	3,664	90	2,509	1,435	7,698
ACCUMULATED DEPRECIATION					
At 1 January 2024	2,113	83	1,851	193	4,240
Provided for the year	304	2	136	157	599
At 31 December 2024.	2,417	85	1,987	350	4,839
Provided for the year	271	1	110	157	539
At 31 December 2025.	2,688	86	2,097	507	5,378
Provided for the period.	68	—	24	40	132
At 31 March 2026	2,756	86	2,121	547	5,510
CARRYING VALUES					
At 31 December 2024.	1,247	5	522	1,085	2,859
At 31 December 2025.	976	4	412	928	2,320
At 31 March 2026	908	4	388	888	2,188

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum, taking into account the residual value:

Plants and machineries	5–10 years
Furniture and fixtures and office equipment	3–5 years
Motor vehicles	3–5 years
Leasehold improvement	Over the shorter of the term of the lease or 9 years

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16. RIGHT-OF-USE ASSETS

	Office premises	Warehouses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2024			
Carrying amount	389	12,038	12,427
As at 31 December 2025			
Carrying amount	—	10,276	10,276
As at 31 March 2026			
Carrying amount	—	9,836	9,836
For the year ended 31 December 2024			
Depreciation charge	787	1,895	2,682
For the year ended 31 December 2025			
Depreciation charge	389	1,762	2,151
For the period ended 31 March 2026			
Depreciation charge	—	440	440

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Expense relating to short-term leases . . .	2,023	1,286	330	102
Total cash outflow for leases	4,039	2,913	724	445
Addition to right-of-use assets	—	—	—	—

For the Track Record Period, the Group leases various offices and warehouses for its operations. Lease contracts are entered into for fixed term of 2 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease agreements do not impose any covenants and the relevant leased assets may not be used as security for borrowing purposes.

Details of the lease maturity analysis of lease liabilities are set out in Note 24.

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17. INVESTMENT PROPERTIES

		Buildings
		<i>RMB’000</i>
FAIR VALUE		
At 1 January 2024		5,090
Transfers to properties held for sale.		(3,020)
Net decrease in fair value recognised in profit or loss.		(310)
At 31 December 2024.		1,760
Net decrease in fair value recognised in profit or loss.		(260)
At 31 December 2025.		1,500
Net decrease in fair value recognised in profit or loss.		(10)
At 31 March 2026		1,490
		Three months ended 31 March
		2026
		<i>RMB’000</i>
		2025
		<i>RMB’000</i>
		2024
		<i>RMB’000</i>
Unrealised loss on properties revaluation included in profit or loss	(310)	(260)
	(10)	

The Group leases out investment properties under operating leases. The leases run for an initial period of 9 to 10 years.

The fair value of the Group’s investment properties as at 31 December 2024, 2025 and 31 March 2026 has been arrived at on the basis of a valuation carried out on the respective dates by APAC Asset Valuation and Consulting Limited, independent qualified professional valuers not connected to the Group. The fair value of investment properties is a level 3 fair value measurement. Fair value is determined based on direct comparison method by reference to market transactions of comparable properties or income capitalisation method, which involves certain estimates, including capitalisation rates and reversionary rental value.

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

		Fair value as at 31 December	Fair value as at 31 March
		2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>
Investment properties located in the PRC		1,760	1,500
		1,490	

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	Valuation technique	Significant unobservable input	Relationship of unobservable inputs to fair value
Commercial premises in the PRC with carrying amount (<i>RMB'000</i>): 31 December 2024: 3,020	Income capitalisation	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition 2024: 6%.	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa.
Residential properties in the PRC with carrying amount (<i>RMB'000</i>): 31 December 2024: 1,760 31 December 2025: 1,500 31 March 2026: 1,490	Direct comparison	Adjusted average price per square metre of (<i>RMB</i>): 2024: 8,330 to 9,915 2025: 7,083 to 8,067 31 March 2026 7,022 to 7,998	An increase in the price per square metre would result in an increase in fair value, and vice versa.

There were no transfers into or out of Level 3 during the Track Record Period.

The Group intends to sell its investment properties with a carrying amount of approximately RMB3,020,000, which no longer utilises in the next 12 months. No impairment loss was recognised on reclassification of the investment properties as held for sale at 31 December 2024.

18. TRADE AND OTHER RECEIVABLES

	As at 31 December		As at 31 March
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	271,445	223,330	215,816
Less: allowance for credit losses	(40,293)	(39,125)	(30,353)
	231,152	184,205	185,463
Bills receivables	251	453	—
Other receivables and deposits	15,655	29,826	29,696
Less: allowance for credit losses	(6,960)	(6,355)	(6,378)
	8,695	23,471	23,318
Prepayments	45,595	61,127	73,453
	285,693	269,256	282,234

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Notes:

- (a) The Group generally grants a credit term of 365 days to its customers from the date of invoices/payment certificate. An ageing analysis of the trade receivables presented based on the date of invoice/payment certificate at the end of each reporting period is as follows:

	As at 31 December		As at 31 March
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
1–30 days	61,757	16,120	23,329
31–60 days	6,279	—	5,060
61–90 days	444	12,696	7,079
91–180 days	101,379	—	5,631
181–365 days	60,239	3,908	—
Over 1 years	41,347	190,606	174,717
	<u>271,445</u>	<u>223,330</u>	<u>215,816</u>

- (b) Details of impairment assessment of trade receivables, bills receivables and other receivables are set out in Note 30(b).
- (c) As at 31 December 2024 and 2025 and 31 March 2026, the carrying amount of trade receivables amounting to RMB143,084,000, RMB139,787,000 and RMB124,816,000 respectively are pledged with collaterals such as properties. The Group has not recognised a loss allowance for the trade receivables as a result of these collaterals.

19. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at 31 December		As at 31 March
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Contract assets	850,980	959,395	1,017,765
Less: allowance for credit losses	(35,236)	(39,043)	(43,188)
	<u>815,744</u>	<u>920,352</u>	<u>974,577</u>
Contract liabilities	<u>33,062</u>	<u>66,522</u>	<u>72,093</u>

As at 1 January 2024, contract assets and contract liabilities amounted to approximately RMB857,097,000 and RMB57,389,000, respectively.

The contract assets primarily relate to the Group’s right to consideration for work completed and not billed because the rights are conditioned on the Group’s future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

As at 31 December 2024 and 2025 and 31 March 2026, contract assets comprises retention receivables of approximately RMB615,504,000, RMB558,733,000 and RMB552,818,000, respectively. Retention receivables represented the monies withheld by customers of contract works fully recoverable within 1 year to 5 years from the date of completion of construction contracts, in accordance with the terms specified in the relevant contracts. Generally, upon satisfactory completion of contract work as set out in the contract, the retention money of such contract work will be released in instalments during the defect liability period or paid in full upon the expiration of the defects liability period.

Contract liabilities of the Group mainly arise from the non-refundable advance payments made by customers while the underlying services are yet to be provided.

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Revenue recognised in relation to contract liabilities

The following table shows the Group’s revenue recognised during the Track Record Period related to brought-forward contract liabilities:

	As at 31 December		As at 31 March
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year/period	56,274	5,583	858

Details of impairment assessment of contract assets are set out in Note 30(b).

As at 31 December 2024 and 2025 and 31 March 2026, the carrying amount of contract assets amounting to RMB559,682,000, RMB641,537,000 and RMB655,368,000 respectively are pledged with collaterals such as properties. The Group has not recognised a loss allowance for the contract assets as a result of these collaterals.

20. RESTRICTED BANK BALANCES/CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by the Group, bank balances and short-term bank deposits for the purpose of meeting the Group’s short-term cash commitments.

As at 31 December 2024 and 2025 and 31 March 2026, the amount of approximately RMB14,011,000, RMB412,000 and RMB1,705,000 is limited in the use of monetary funds, of which is temporarily blocked or frozen due to the judicial system.

Bank balances carried interest at prevailing market rates based on daily bank deposit rate for the Track Record Period. As at 31 December 2024 and 2025 and 31 March 2026, the bank deposits carry interest rate ranging from 0.2% to 0.25% per annum, 0.05% per annum and 0.05% per annum respectively.

Details of impairment assessment of bank balances and restricted bank balances are set out in Note 30(b).

21. TRADE AND OTHER PAYABLES

	As at 31 December		As at 31 March
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Trade payables	589,690	582,611	622,386
Accruals staff costs	5,136	4,469	2,986
Other payables	39,296	47,758	56,182
Other tax payable	27,406	50,172	57,867
Retention payables	18,922	17,381	17,330
Provision for litigation liabilities (Note)	—	5,638	8,577
	680,450	708,029	765,328

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Note: During the year ended 31 December 2025 and three months ended 31 March 2026, certain ongoing litigation claims related to the disputes on the construction related contracts between Shenzhen Yueyuan and the relevant contracting parties, and the aggregate amounts being claimed by the parties were approximately RMB5,638,000 and approximately RMB2,939,000, respectively.

The credit period granted by suppliers ranged from 0 to 365 days. The ageing analysis of the trade payables of the Group presented based on the invoice dates at the end of each reporting period is as follows:

	As at 31 December		As at 31 March
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0 to 60 days	368,343	103,185	136,746
61 to 90 days	41,011	11	43,328
91 to 180 days	6,689	71,982	11
181 to 365 days	1,028	219,965	266,286
Over 365 days	172,619	187,468	176,015
	<u>589,690</u>	<u>582,611</u>	<u>622,386</u>

22. AMOUNT DUE TO A DIRECTOR

The amount due to a director is non-trade related, unsecured, interest-free and repayable on demand. The amount due to a director will be settled before [REDACTED].

23. BANK BORROWINGS

	As at 31 December		As at 31 March
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank borrowings — secured	<u>34,450</u>	<u>26,000</u>	<u>17,800</u>
The carrying amounts of the above borrowings are repayable:			
— On demand or within one year	34,450	26,000	17,800
— Within a period of more than one year but not more than two years	—	—	—
— Within a period of more than two years but not more than five years	—	—	—
	<u>34,450</u>	<u>26,000</u>	<u>17,800</u>
Less: Amount due within one year shown under current liabilities	<u>(34,450)</u>	<u>(26,000)</u>	<u>(17,800)</u>
Amount shown under non-current liabilities . .	<u>—</u>	<u>—</u>	<u>—</u>

For the bank borrowings as at 31 December 2024 and 2025 and 31 March 2026, the bank borrowings amounted to RMB28,000,000, RMB26,000,000 and RMB17,800,000, respectively which carried fixed interest rates ranging from 4.5% per annum, 4.5% per annum and 4.5% per annum, respectively.

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The remaining bank borrowings as at 31 December 2024 amounted to RMB6,450,000, are variable-rate borrowing which carried interest ranging from Loan Prime Rate plus 1.7% per annum issued by The People’s Bank of China.

As at 31 December 2024, 2025 and 31 March 2026, certain banking facilities of the Group were secured by (i) receivables under certain contracts with contract sum amounted approximately RMB8,721,000, RMB49,602,000 and RMB49,602,000, respectively; (ii) personal guarantees provided by Mr. CQ Liu, Mr. RQ Liu, close family members and spouse of Mr. RQ Liu; and (iii) properties owned by Mr. CQ Liu, Mr. RQ Liu, close family members and spouse of Mr. RQ Liu. The aforesaid personal guarantees and legal charges over properties will be released, or the bank borrowings secured by such securities will be repaid before or upon [REDACTED].

All bank borrowings are denominated in RMB as at the end of each of the Track Record Period.

24. LEASE LIABILITIES

	As at 31 December		As at 31 March
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Lease liabilities payable:			
Within one year	1,627	1,413	1,441
Within a period of more than one year but not more than two years	1,414	1,530	1,561
Within a period of more than two years but not more than five years	5,316	5,992	6,169
Within a period of more than five years	4,386	2,181	1,602
	12,743	11,116	10,773
Less: Amount due for settlement within 12 months shown under current liabilities . . .	(1,627)	(1,413)	(1,441)
Amount due for settlement after 12 months shown under non-current liabilities	11,116	9,703	9,332

The incremental borrowing rates applied to lease liabilities are at range of 5% to 8%, 8% and 8% as at 31 December 2024, 2025 and 31 March 2026, respectively.

The amount of lease liabilities payable to related parties is approximately RMB428,000, as at 31 December 2024 and the details of lease rental payments to related parties are set out in Note 32(a).

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25. DEFERRED TAX ASSETS

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December		As at 31 March
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Deferred tax assets	9,154	10,754	10,797

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the Track Record Period:

	Impairment losses	Provision for liabilities	Revaluation of investment properties	Lease liabilities	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	6,235	61	951	4,416	(4,416)	7,247
Credit/(charged) to profit or loss (<i>Note 10</i>)	1,875	(61)	93	(1,273)	1,273	1,907
At 31 December 2024	8,110	—	1,044	3,143	(3,143)	9,154
Credit/(charged) to profit or loss (<i>Note 10</i>)	1,505	846	(751)	(364)	364	1,600
At 31 December 2025	9,615	846	293	2,779	(2,779)	10,754
(Charged)/credited to profit or loss (<i>Note 10</i>)	(451)	491	3	(86)	86	43
At 31 March 2026	9,164	1,337	296	2,693	(2,693)	10,797

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of the profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries amounting to approximately RMB191,806,000, RMB207,935,000 and RMB212,179,000 as at 31 December 2024 and 2025 and 31 March 2026, respectively as the Group is able to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reserve in the foreseeable future.

26. SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 28 August 2024 as an exempted company with limited liability, with authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each and issued 1,000,000 shares of HK\$0.01 each.

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27. RETIREMENT BENEFIT PLANS

Pursuant to the relevant labour rules and regulations in the PRC, the Group’s subsidiaries in the PRC participate in defined contribution retirement benefit schemes (the “**Schemes**”) organised by the PRC municipal government authorities whereby the Group is required to make contributions to the Schemes based on a percentage of the participating employee’s salaries. The local government authorities are responsible for the entire pension obligations payable to retired employees.

The amounts of contributions made by the Group in respect of the Schemes amounting to approximately RMB3,288,000, RMB2,274,000 and RMB521,000 for the three years ended 31 December 2024, 2025 and 31 March 2026, respectively.

28. CONTINGENT LIABILITIES

As of the date of this report, the Company involved in several pending litigations. In these matters, the Group continues to vigorously defend its position and believes there is a reasonable possibility for a favorable outcome to the benefits of the Group, or if not, the Group has provided adequate provisions to cover potential losses, including a comprehensive liability insurance program for injuries at work.

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes bank borrowings, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of the review, the directors of the Company consider the cost and the risks associated with each class of the capital. Based on the recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts.

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30. FINANCIAL INSTRUMENTS

(a) Categories of financial instrument

The Group

	As at 31 December		As at 31 March
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost			
Trade and other receivables	240,098	208,129	208,781
Restricted bank balances	14,011	412	1,705
Cash and cash equivalents	8,226	8,420	267
	<u>262,335</u>	<u>216,961</u>	<u>210,753</u>
Financial liabilities at amortised cost			
Amount due to a director	3,205	4,335	4,606
Trade and other payables	680,450	708,029	765,328
Bank borrowings	34,450	26,000	17,800
Lease liabilities	12,743	11,116	10,773
	<u>730,848</u>	<u>749,480</u>	<u>798,507</u>

(b) Financial risk management objective and policies

The Group’s and Company’s major financial instruments include trade and other receivables, cash and cash equivalents, restricted bank balances, trade and other payables, amount due to a director, bank borrowings and lease liabilities.

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group has no significant foreign exchange exposure as substantially all of the Group’s transactions are denominated in RMB.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the Group’s lease liabilities and bank borrowings as at 31 December 2024, 2025 and 31 March 2026.

The Group is exposed to cash flow interest rate risk due to the fluctuation of the variable-rate bank borrowing as at 31 December 2024, 2025 and 31 March 2026.

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The Group currently does not have interest rate risk hedging policy. However, management of the Group closely monitors its exposure to future cashflow interest rate risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arise.

Sensitivity analyses

At 31 December 2024, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group’s profit after taxation and retained profits by approximately RMB32,000. As the Group did not have any floating-rate borrowings as at 31 December 2025 and 31 March 2026, a change in interest rates would have no impact on the Group’s profit after taxation and retained profits for the years then ended.

The sensitivity analysis above indicates the instantaneous change in the Group’s profit after taxation and retained profits that would arise assuming that the change in interest rates had occurred at the end of each of the Track Record Period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of each of the Track Record Periods, the impact on the Group’s profit after taxation is estimated as an annualised impact on interest expense of such a change in interest rates.

Credit risk and impairment assessment

The Group’s credit risk is primarily attributable to trade receivables, contract assets, bills receivables, other receivables and deposits, restricted bank balances and bank balances.

The Group’s and the Company’s maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statements of financial position at the end of each reporting period.

Trade receivables and contract assets

In order to minimise the credit risk on trade receivables and contract assets, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate provisions for impairment losses are made for irrecoverable amounts on trade receivable and contract assets.

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the ECL, trade receivables and contract assets have been assessed collectively using a provision matrix with appropriate groupings based on same risk characteristics and the days past due. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. The ECL also incorporate forward-looking information such as actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor’s ability to meet its obligations.

The Group has concentration of credit risk as 14%, 16% and 15% of the total trade receivables was due from the Group’s largest debtor and as 39%, 48% and 51% of the total trade receivables was due from the Group’s five largest debtors as at 31 December 2024, 2025 and 31 March 2026, respectively.

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ACCOUNTANTS’ REPORT

The loss allowance for trade receivables and contract assets were determined as follows:

	Gross carrying amount	Expected loss rate	Loss allowance
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>
31 December 2024			
Trade receivables			
Collectively assessed			
Current	192,395	3.44%	6,627
1 to 90 days past due	—	0.00%	—
91 to 180 days past due	3,543	2.68%	95
181 to 365 days past due	15,231	2.67%	407
Over 365 days past due.	20,349	62.80%	12,780
	231,518		19,909
Individually assessed	39,927	51.05%	20,384
	271,445		40,293
Contract assets			
Collectively assessed			
Current	755,958	2.48%	18,721
Individually assessed	95,022	17.38%	16,515
	850,980		35,236
31 December 2025			
Trade receivables			
Collectively assessed			
Current	32,725	2.88%	943
1 to 90 days past due	90,282	5.21%	4,702
91 to 180 days past due	4,084	5.22%	213
181 to 365 days past due	65,285	5.21%	3,400
Over 365 days past due.	9,763	94.60%	9,236
	202,139		18,494
Individually assessed	21,191	97.36%	20,631
	223,330		39,125
Contract assets			
Collectively assessed			
Current	944,305	2.80%	26,405
Individually assessed	15,090	83.75%	12,638
	959,395		39,043

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	Gross carrying amount	Expected loss rate	Loss allowance
	RMB'000	%	RMB'000
31 March 2026			
Trade receivables			
Collectively assessed			
Current	41,099	1.85%	762
1 to 90 days past due	6,541	5.24%	343
91 to 180 days past due	3,108	5.24%	163
181 to 365 days past due	140,825	5.25%	7,400
Over 365 days past due.	3,136	36.32%	1,139
	194,709		9,807
Individually assessed	21,107	97.34%	20,546
	215,816		30,353
Contract assets			
Collectively assessed			
Current	996,786	3.05%	30,403
Individually assessed	20,979	60.94%	12,785
	1,017,765		43,188

The estimated loss rate are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effect.

Other receivables and deposits and bills receivables

The management of the Group make periodic individual assessment on the recoverability of significant balances based on historical settlement records (if any), past experience, and also available reasonable and supportive forward-looking information.

Bank balances and restricted bank balances

The credit risk for bank balances and restricted bank balances are limited because the counterparties are state-owned or reputable financial institutions in PRC. There has been no history of default in relation to these financial institutions. The Group performs impairment assessment on the bank balances and restricted bank balances under 12m ECL model. The management of the Group considers the risk of default is regarded as low based on the average loss rate by reference to credit ratings.

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ACCOUNTANTS’ REPORT

The movement in the loss allowances for trade receivables, contract assets, bills receivables and other receivables and deposits during the years ended 31 December 2024, 2025 and 31 March 2026 are as follows:

	Trade receivables		Contract assets			Other receivables and deposits		
	Life-time ECL (not credit impaired)	Lifetime ECL (credit impaired)	Life-time ECL (not credit impaired)	Life-time ECL (credit impaired)	Bills receivables (12m ECL)	12m ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at 1 January 2024	5,513	—	54,260	—	295	816	1,980	33,174
Transfer to credit-impaired	(355)	355	(1,709)	1,709	—	—	—	—
Write-off	—	—	—	—	—	—	—	(26,041)
Provision for/(reversal of) loss allowance recognised in profit or loss during the year	9,668	25,112	(40,236)	21,212	(295)	(640)	(890)	(1,439)
As at 31 December 2024 and 1 January 2025	14,826	25,467	12,315	22,921	—	176	1,090	5,694
Transfer to credit-impaired	(7,563)	7,563	—	—	—	—	—	—
Provision for/(reversal of) loss allowance recognised in profit or loss during the year	2,270	(3,438)	10,028	(6,221)	—	311	1,402	(2,318)
As at 31 December 2025 and 1 January 2026	9,533	29,592	22,343	16,700	—	487	2,492	3,376
Transfer to credit-impaired	(46)	46	—	—	—	—	—	—
(Reversal of)/provision for loss allowance recognised in profit or loss during the period	(224)	(8,548)	(3,803)	7,948	—	38	(15)	—
As at 31 March 2026	9,263	21,090	18,540	24,648	—	525	2,477	3,376

Liquidity risk

In management of the liquidity risk, the Group and the Company monitor and maintain levels of cash and cash equivalents deemed adequate by the management to finance the Group’s and the Company’s operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group’s and the Company’s remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest rates are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

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Liquidity tables

The Group

	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2024							
Trade and other payables	—	680,450	—	—	—	680,450	680,450
Amount due to a director	—	3,205	—	—	—	3,205	3,205
Bank borrowings . . .	4.92	36,155	—	—	—	36,155	34,450
Lease liabilities . . .	7.90	2,580	2,251	7,071	4,745	16,647	12,743
		<u>722,390</u>	<u>2,251</u>	<u>7,071</u>	<u>4,745</u>	<u>736,457</u>	<u>730,848</u>

	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2025							
Trade and other payables	—	708,029	—	—	—	708,029	708,029
Amount due to a director	—	4,335	—	—	—	4,335	4,335
Bank borrowings . . .	4.50%	27,170	—	—	—	27,170	26,000
Lease liabilities . . .	8%	2,251	2,251	7,296	2,269	14,067	11,116
		<u>741,785</u>	<u>2,251</u>	<u>7,296</u>	<u>2,269</u>	<u>753,601</u>	<u>749,480</u>

	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 March 2026							
Trade and other payables	—	765,328	—	—	—	765,328	765,328
Amount due to a director	—	4,606	—	—	—	4,606	4,606
Bank borrowings . . .	4.50%	18,601	—	—	—	18,601	17,800
Lease liabilities . . .	8%	2,251	2,251	7,352	1,651	13,505	10,773
		<u>790,786</u>	<u>2,251</u>	<u>7,352</u>	<u>1,651</u>	<u>802,040</u>	<u>798,507</u>

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31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank borrowings	Lease liabilities	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	<i>(Note 23)</i>	<i>(Note 24)</i>	
At 1 January 2024	60,920	18,167	79,087
Financing cash flows	(29,804)	(3,301)	(33,105)
New leases entered	—	12,919	12,919
Early termination of lease	—	(16,327)	(16,327)
Finance costs	3,334	1,285	4,619
At 31 December 2024	34,450	12,743	47,193
Financing cash flows	(11,050)	(2,580)	(13,630)
Finance costs	2,600	953	3,553
At 31 December 2025	26,000	11,116	37,116
Financing cash flows	(8,588)	(563)	(9,151)
Finance costs	388	220	608
At 31 March 2026	17,800	10,773	28,573

32. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The Group had the following transactions and balances with related parties during the Track Record Period:

Name of related parties	Relationship	Nature of transactions/balances	Year ended 31 December		Three months ended 31 March	
			2024	2025	2025	2026
			<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (unaudited)	<i>RMB’000</i>
Mr. CQ Liu	Executive director of the Company	Interest expense on lease liabilities	8	—	—	—
		Rental expenses	175	525	131	99
Mr. RQ Liu	Non-executive director of the Company	Interest expense on lease liabilities	35	10	5	—
		Lease liabilities	428	—	301	—

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Compensation of key management personnel

The remuneration of key management during the Track Record Period was as follows:

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Fees.	—	—	—	—
Salaries, discretionary bonuses, allowance and benefits in kind.	425	422	105	99
Pension scheme contributions	14	23	6	6
	<u>439</u>	<u>445</u>	<u>111</u>	<u>105</u>

33. EVENTS AFTER THE REPORTING PERIOD

There have been no material events subsequent to the Track Record Period, which require adjustment or disclosure in accordance with HKFRS.

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies comprising the Group in respect of any period to 31 March 2026.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE COMPANY LAWS OF THE CAYMAN ISLANDS

Set out below is a summary of certain provisions of the constitution of the Company and certain aspects of the company laws of the Cayman Islands.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 28 August 2024 under the Companies Act. The Company's constitutional documents consist of the Memorandum of Association and the Articles of Association.

1. MEMORANDUM OF ASSOCIATION

The Memorandum provides, *inter alia*, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted (and therefore include acting as an investment holding company) and that the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on [•] and will become effective on the [REDACTED]. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) *Classes of Shares*

The share capital of the Company consists of a single class of ordinary shares.

(b) *Variation of Rights of Existing Shares or Classes of Shares*

If at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class of Shares for the time being issued (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of at least three-fourths of the issued Shares of that class (excluding treasury shares), or with the approval of a resolution passed by at least three-fourths of the votes cast by the holders of the Shares of that class present and voting in person (whether physically or by virtual attendance with the use of electronic facilities) or by proxy at a separate meeting of such holders. The provisions of the Articles relating to general meetings shall apply *mutatis mutandis* to every such separate meeting, except that the necessary quorum shall be two persons together holding (or, in the case of a member being a corporation, by its duly authorised representative), or representing by proxy, at least one-third of the issued Shares of that class (excluding treasury shares). Every holder of Shares of the class (excluding treasury shares) present in person (whether physically or by virtual attendance with the use of electronic facilities), or in the case of the member being a corporation, by its duly authorised representative, or by proxy may demand a poll, upon which every such holder shall be entitled to one vote for every such Share held by him.

For the purposes of a separate class meeting, the Board may treat two or more classes of Shares as forming one class of Shares if the Board considers that such classes of Shares would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes of Shares.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE COMPANY LAWS OF THE CAYMAN ISLANDS

Any rights conferred upon the holders of Shares of any class shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith. For the avoidance of doubt, Shares do not constitute a separate class solely by virtue of being in certificated form or uncertificated form.

(c) Alteration of Capital

The Company may by ordinary resolution:

- (i) increase its share capital by the creation of new Shares of such amount and with such rights, priorities and privileges attached to such Shares as it may determine;
- (ii) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares. On any consolidation of fully paid Shares and division into Shares of a larger amount, the Board may settle any difficulty which may arise as it thinks expedient and, in particular (but without prejudice to the generality of the foregoing), may as between the holders of Shares to be consolidated determine which particular Shares are to be consolidated into a consolidated Share, and if it shall happen that any person shall become entitled to fractions of a consolidated Share or Shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the Shares so sold to the purchaser(s) thereof and the validity of such transfer shall not be questioned, and the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated Share or Shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (iii) sub-divide its Shares or any of them into Shares of an amount smaller than that fixed by the Memorandum;
- (iv) cancel any Shares which, as at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled;
- (v) make provisions for the allotment and issue of Shares which do not carry any voting rights;
- (vi) change the currency of denomination of its share capital; and/or
- (vii) reduce its share premium account in any manner authorised, and subject to any conditions prescribed by law.

The Company may by special resolution reduce its share capital or any capital redemption reserve, subject to the provisions of the Companies Act.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE COMPANY LAWS OF THE CAYMAN ISLANDS

(d) Transfer of Shares

Subject to the terms of the Articles, any member of the Company may transfer all or any of his Shares. If the Shares in question were issued in conjunction with rights, options, warrants or units issued pursuant to the Articles on terms that one cannot be transferred without the other, the Board shall refuse to register the transfer of any such Share without evidence satisfactory to it of the like transfer of such right, option, warrant or unit.

Subject to the Articles and the Companies Act, all transfers of Shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a recognised clearing house or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time. Notwithstanding the aforesaid, for so long as the Shares are prescribed securities (as defined in the Securities and Futures Ordinance) and are not in the process of delisting and save as otherwise permitted or required under the Securities and Futures (Uncertificated Securities Market) Rules, with effect from (and including) the day on which the Shares become participating securities (as defined in the Securities and Futures (Uncertificated Securities Market) Rules), they may be transferred as follows:

- (i) if the Shares are held by the transferor in certificated form, by means of an instrument of transfer that complies with the Articles and the Securities and Futures (Uncertificated Securities Market) Rules; and
- (ii) if the Shares are held by the transferor in uncertificated form, by means of a specified request from the transferor and transferee that complies with the Securities and Futures (Uncertificated Securities Market) Rules.

Notwithstanding the above, Shares held by the transferor in uncertificated form may be transferred by means of an instrument of transfer if the Board is satisfied that it is not reasonably practicable to transfer them by means of a specified request. A reasonable fee may be charged by the Company's approved securities registrar for registering any instrument of transfer, specified request or other document relating to or affecting the title to any share.

Execution of any instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the register of members of the Company in respect of that Share.

Subject to the provisions of the Companies Act, if the Board considers it necessary or appropriate, the Company may establish and maintain a branch register or registers of members at such location or locations within or outside the Cayman Islands or in electronic form as the Board thinks fit. The Board may, in its absolute discretion, at any time transfer any Share on the principal register to any branch register or any Share on any branch register to the principal register or any other branch register. Notwithstanding the aforesaid, for so long as the Shares are prescribed securities and in respect of that portion of the branch register in Hong Kong relating to such Shares, the Company shall keep a branch register in Hong Kong in accordance with the Securities and Futures (Uncertificated Securities Market) Rules.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE COMPANY LAWS OF THE CAYMAN ISLANDS

The Board may, in its absolute discretion, decline to register a transfer of any Share (not being a fully paid Share) to a person of whom it does not approve or on which the Company has a lien, or a transfer of any Share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any Share to more than four joint holders. It may also decline to recognise any instrument of transfer if the proposed transfer does not comply with the Articles or any requirements of the GEM Listing Rules.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine or the Code of Conduct for Approved Securities Registrars may prescribe to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of Share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) (if one has been issued) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

Without prejudice to the foregoing, the Board may also refuse to register the transfer of a Share:

- (i) if the Share is in certificated form, and a specified request is sent;
- (ii) if the Share is in uncertificated form, and (A) the specified request is not sent in accordance with the operating rules of the Company's approved securities registrar or (B) subject to the Articles, an instrument of transfer is lodged; or
- (iii) on any other ground provided under the USM Rules.

For so long as the Shares are participating securities and are not in the process of delisting and save as otherwise permitted or required under the Securities and Futures (Uncertificated Securities Market) Rules, the Board may refuse to register the transfer or transmission of a Share if:

- (i) the Share is in certificated form and a dematerialisation request in respect of that Share and any other Share covered by the same certificate as that Share is not received or is refused under the Securities and Futures (Uncertificated Securities Market) Rules;
- (ii) the Share is in uncertificated form as a result of the Company having initiated its dematerialisation, and the dematerialisation fee payable in respect of the dematerialisation remains unpaid; or
- (iii) the transferor, transferee or transmittee (as applicable) of the Share is not a system-member of the system operated by the Company's approved securities registrar.

The register of members may, subject to the GEM Listing Rules and the relevant section of the Companies Ordinance, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE COMPANY LAWS OF THE CAYMAN ISLANDS

Fully paid Shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens, provided that no transfer shall be made to an infant or to a person in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs or under other legal disability.

(e) Redemption of Shares

Subject to the provisions of the Companies Act, the GEM Listing Rules and any rights conferred on the holders of any Shares or attaching to any class of Shares, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the members or the Company. The redemption of such Shares shall be effected in such manner and upon such other terms as the Company may by special resolution determine before the issue of such Shares.

(f) Power of the Company to Purchase its own Shares

Subject to the Companies Act, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of Shares, the Company shall have the power to purchase or otherwise acquire all or any of its own Shares (which includes redeemable Shares), provided that the manner and terms of purchase have first been authorised by ordinary resolution. Such power extends to the purchase or acquisition of warrants and other securities for the subscription or purchase of the Company's own shares, and of shares (and warrants and other securities) in any company which is the Company's holding company, and to the provision, directly or indirectly, of financial assistance (including out of capital) in connection with such a purchase or acquisition. Any such purchase shall only be made in accordance with the relevant code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong from time to time in force. Shares so purchased, redeemed or acquired may be held as treasury shares.

(g) Treasury Shares

Subject to the Companies Act, Shares that have been purchased or redeemed by the Company or surrendered to the Company may be held as treasury shares in accordance with the Companies Act. In the event the Board does not specify that the relevant Shares are to be held as treasury shares, such Shares shall be cancelled. No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be declared or paid in respect of a treasury share. The Company shall be entered in the register of members as the holder of the treasury shares provided that:

- (i) the Company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such right shall be void;
- (ii) a treasury share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted as issued shares at any given time, whether for the purposes of the Articles or the Companies Act, save that an allotment of Shares as fully paid bonus Shares in respect of a treasury share is permitted and Shares allotted as fully paid bonus Shares in respect of a treasury share shall be treated as treasury shares. Subject to the Companies Act and the GEM Listing Rules, treasury shares may be disposed of by the Company on such terms and conditions as determined by the Board.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE COMPANY LAWS OF THE CAYMAN ISLANDS

(h) Power of any Subsidiary of the Company to own Shares in the Company

There are no provisions in the Articles relating to the ownership of Shares in the Company by a subsidiary.

(i) Calls on Shares and Forfeiture of Shares

Subject to the terms of allotment and issue of any Shares (if any), the Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the Shares held by them (whether in respect of par value or share premium). A member who is the subject of the call shall (subject to receiving at least 14 clear days' notice specifying the time or times for payment) pay to the Company at the time or times so specified the amount called on his Shares. A call may be made payable either in one sum or by instalments, and shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed. The joint holders of a Share shall be severally as well as jointly liable for the payment of all calls and instalments due in respect of such Share.

If a call remains unpaid after it has become due and payable, the member from whom the sum is due shall pay interest on the unpaid amount at such rate as the Board shall determine (together with any expenses incurred by the Company as a result of such non-payment) from the day it became due and payable until it is paid, but the Board may waive payment of such interest or expenses in whole or in part.

If a member fails to pay any call or instalment of a call after it has become due and payable, the Board may, for so long as any part of the call or instalment remains unpaid, give to such member not less than 14 clear days' notice requiring payment of the unpaid amount together with any interest which may have accrued and which may still accrue up to the date of payment (together with any expenses incurred by the Company as a result of such non-payment). The notice shall specify a further day on or before which the payment required by the notice is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the Shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any Share in respect of which the notice was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Board. Such forfeiture shall include all dividends, other distributions and other monies payable in respect of the forfeited Share and not paid before the forfeiture.

A person whose Shares have been forfeited shall cease to be a member in respect of the forfeited Shares, shall surrender to the Company for cancellation the certificate(s) (if share certificate(s) have been issued) for the Shares forfeited and shall remain liable to pay to the Company all monies which, as at the date of forfeiture, were payable by him to the Company in respect of the Shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of payment as the Board may determine and any expenses incurred by the Company as a result of such non-payment.

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2.2 Directors

(a) Appointment, Retirement and Removal

The Company may by ordinary resolution of the members elect any person to be a Director. The Board may also appoint any person to be a Director at any time, either to fill a casual vacancy or as an additional Director subject to any maximum number fixed by the members in general meeting or the Articles. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at such meeting. Any Director so appointed by the Board 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.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The members may by ordinary resolution remove any Director (including a managing or executive Director) before the expiration of his term of office, notwithstanding anything in the Articles or any agreement between the Company and such Director, and may by ordinary resolution elect another person in his stead. Nothing shall be taken as depriving a Director so removed of any compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The office of a Director shall be vacated if:

- (i) the Director gives notice in writing to the Company that he resigns from his office as Director;
- (ii) the Director is absent, without being represented by proxy or an alternate Director appointed by him, for a continuous period of 12 months without special leave of absence from the Board, and the Board passes a resolution that he has by reason of such absence vacated his office;
- (iii) the Director becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (iv) the Director dies or an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;
- (v) the Director is prohibited from being or ceases to be a Director by operation of law;
- (vi) the Director has been required by the Stock Exchange to cease to be a Director or no longer qualifies to be a Director pursuant to the GEM Listing Rules;
- (vii) the Director is removed from office by an ordinary resolution; or
- (viii) the Director is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

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At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. If the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors, provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire at each annual general meeting shall be those who have been in office longest since their last re-election or appointment and, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(b) Power to Allot and Issue Shares and other Securities

Subject to the provisions of the Companies Act, the Memorandum and Articles and, where applicable, the GEM Listing Rules, and without prejudice to any rights or restrictions for the time being attached to any Shares, the Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether with regard to dividend, voting, return of capital or otherwise, to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, provided that no Shares shall be issued at a discount to their par value.

The Company may issue rights, options, warrants or convertible securities or securities of a similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of Shares or other securities in the Company on such terms as the Board may from time to time determine.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of Shares, to make, or make available, any such allotment, offer, option or Shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) Power to Dispose of the Assets of the Company or any of its Subsidiaries

Subject to the provisions of the Companies Act and the Memorandum and Articles, the Board may exercise all powers and do all acts and things which may be exercised or done by the Company to dispose of the assets of the Company or any of its subsidiaries. No alteration to the Memorandum or Articles shall invalidate any prior act of the Board which would have been valid if such alteration or direction had not been made or given.

(d) Borrowing Powers

The Board may exercise all the powers of the Company to raise or borrow money, secure the payment of any sum or sums of money for the purposes of the Company, mortgage or charge all or any part of its undertaking, property and uncalled capital of the Company, and, subject to the Companies Act, issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(e) Remuneration

A Director shall be entitled to receive such sums as shall from time to time be determined by the Company in general meetings or the Board. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in connection with attendance at meetings of the Board or committees of the Board, or general meetings of the Company or separate meetings of the holders of

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any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company and the discharge of their duties as Directors, and/or to receive fixed allowances in respect thereof as may be determined by the Board.

The Board or the Company in general meetings may also approve additional remuneration to any Director for any services which in the opinion of the Board or the Company in general meetings go beyond such Director's ordinary routine work as a Director.

(f) Compensation or Payments for Loss of Office

There are no provisions in the Articles relating to compensation or payment for loss of office.

(g) Loans to Directors

There are no provisions in the Articles relating to making of loans to Directors.

(h) Disclosure of Interest in Contracts with the Company or any of its Subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company.

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, nor shall any such contract or any other contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director is in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding such office or of the fiduciary relationship established by it, provided that the nature of interest of any Director or alternate Director in any such contract or transaction shall be disclosed by such Director or alternate Director at or prior to the consideration and vote thereon.

A Director shall not vote on (or be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement or other proposal in which he or any of his close associate(s) (or, if required by the GEM Listing Rules, his other associates) has/have a material interest, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum for such resolution. This prohibition shall not apply to any of the following matters:

- (i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

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- (iii) any proposal concerning an offer of Shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of (A) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit or (B) any pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of Shares, debentures or other securities of the Company by virtue only of his/their interest in those Shares, debentures or other securities.

2.3 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Unless otherwise determined, two Directors shall be a quorum. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.4 Alterations to the Constitutional Documents and the Company's Name

The Memorandum and Articles may only be altered or amended, and the name of the Company may only be changed, by special resolution of the Company.

2.5 Meetings of Members

(a) *Special and Ordinary resolutions*

A special resolution must be passed by a majority of not less than two-thirds (other than in relation to any resolution approving changes to the Company's constitutional documents or a voluntary winding up of the Company, in which case a special resolution must be passed by a majority of not less than three-fourths) of the voting rights held by such members as, being entitled so to do, vote in person (whether physically or by virtual attendance with the use of electronic facilities), or by proxy or, in the case of any member which is a corporation, by its duly authorised representative(s) or by proxy, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. A special resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

An ordinary resolution, in contrast, is a resolution passed by a simple majority of the voting rights held by such members as, being entitled to do so, vote in person (whether physically or by virtual attendance with the use of electronic facilities), or by proxy or, in the case of any member which is a

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corporation, by its duly authorised representative(s) or by proxy, at a general meeting. An ordinary resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

The provisions of special resolutions and ordinary resolutions shall apply *mutatis mutandis* to any resolutions passed by the holders of any class of Shares.

(b) Voting Rights and Right to Demand a Poll

Subject to any rights, restrictions or privileges as to voting for the time being attached to any class or classes of Shares, at any general meeting: (a) on a poll every member present in person (whether physically or by virtual attendance with the use of electronic facilities), or, in the case of a member being a corporation, by its duly authorised representative or by proxy shall have one vote for every Share and (b) on a show of hands every member who is present in person (whether physically or by virtual attendance with the use of electronic facilities), or, in the case of a member being a corporation, by its duly authorised representative or by proxy shall have one vote. For the avoidance of doubt, votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Board or the chairman of the meeting may determine.

In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of the relevant Shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of poll save that the chairman of the meeting may, pursuant to the GEM Listing Rules, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands (whether physically or by virtual attendance with the use of electronic facilities).

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorised shall be entitled to exercise the same powers as the corporation or other non-natural person could exercise as if it were a natural person member of the Company.

If a recognised clearing house or its nominee(s) is a member of the Company, it may appoint proxies or authorise such person or persons as it thinks fit to act as its representative(s), who enjoy rights equivalent to the rights of other members, at any meeting of the Company (including but not limited to general meetings and creditors meetings) or at any meeting of any class of members of the Company, provided that if more than one person is so authorised, the instrument appointing a proxy or authorisation shall specify the number and class of Shares in respect of which each such person is so authorised. A person so authorised shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house or its nominee(s) as if such person were a natural person member of the Company, including the right to speak and vote individually on a show of hands or on a poll (whether physically or by virtual attendance with the use of electronic facilities).

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All members of the Company (including a member which is a recognised clearing house (or its nominee(s))) shall have the right to (i) speak at a general meeting and (ii) vote at a general meeting (whether physically or by virtual attendance with the use of electronic facilities), except where a member is required by the GEM Listing Rules to abstain from voting to approve the matter under consideration. Where any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(c) Annual General Meetings and Extraordinary General Meetings

The Company must hold a general meeting as its annual general meeting for each financial year. Such meeting shall be specified as such in the notices calling it, and must be held within six months after the end of the Company's financial year (unless a longer period would not infringe the GEM Listing Rules).

The Board may convene an extraordinary general meeting whenever it thinks fit. In addition, one or more members holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (excluding treasury shares) (on a one vote per Share basis) in the share capital of the Company may make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a meeting. Such requisition shall be made in writing to the Board or the company secretary and specify the business for consideration at such meeting. Such meeting shall be held within two months after the deposit of such requisition. If the Board does not within 21 days from the date of deposit of such requisition duly proceed to convene a general meeting, the requisitionists 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 requisitionists by the Company.

All general meetings (including an annual general meeting, an extraordinary general meeting, any adjourned meeting or postponed meeting) may be held as a physical meeting, as a hybrid meeting or as an electronic meeting, as may be determined by the Board in its absolute discretion, and participation in such a meeting in any location(s) shall constitute presence at such meetings.

(d) Notices of Meetings and Business to be Conducted

An annual general meeting of the Company shall be called by at least 21 clear days' notice in writing, and any other general meeting of the Company shall be called by at least 14 clear days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify (a) the time of the meeting, (b) save for an electronic meeting, the place of the meeting and if there is more than one meeting location as determined by the Board, the principal place of the meeting, (c) if the general meeting is to be a hybrid meeting or an electronic meeting, the notice shall include a statement to that effect and with details of the electronic facilities for attendance and participation by electronic means at the meeting or where such details will be made available by the Company prior to the meeting, and (d) the particulars of the resolution(s) to be considered at the meeting, the general nature of the business to be considered at the meeting and details for members to attend the meeting virtually with the use of electronic facilities (if applicable).

Except where otherwise expressly stated, subject to compliance with the GEM Listing Rules, any notice or document (including any corporate communication and actionable corporate communication) to be given or issued under the Articles may be given or issued by the Company on any member personally, by post to such member's registered address, (to the extent permitted by the GEM Listing

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Rules and all applicable laws and regulations) by electronic means or (in the case of a notice) by advertisement published in the manner prescribed under the GEM Listing Rules. Without limiting the generality of the foregoing but subject to the Companies Act and the GEM Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Notwithstanding that a meeting of the Company is called by shorter notice than as specified above, if permitted by the GEM Listing Rules, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights held by such members.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board in its absolute discretion considers that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place or by means of electronic facilities specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and/or place and/or change the electronic facilities and/or change the form of the meeting (a physical meeting, an electronic meeting or a hybrid meeting).

Where a general meeting is to be a hybrid meeting or an electronic meeting, the notice shall include a statement to that effect together with details of the electronic facilities for attendance and participation by electronic means (or details of where such information will be made available before the meeting).

The Board also has the power to provide in every notice calling a general meeting that in the event of a gale warning, a black rainstorm warning or extreme conditions is/are in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Board may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

- (A) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the GEM Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning, a black rainstorm warning or extreme conditions being in force on the day of the general meeting;
- (B) if only the form of the meeting or electronic facilities specified in the notice are changed, the Board shall notify the members of details of such change in such manners as the Board may determine;

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- (C) subject to the Articles, unless already specified in the original notice of the meeting, the Board shall determine the date, time, place (if applicable) and electronic facilities (if applicable) for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting. Such notice shall specify the date, time, place (if applicable) and electronic facilities (if applicable) at which the postponed meeting will be reconvened and the date and time by which instruments of proxies shall be submitted in order to be valid at such reconvened meeting (provided that any instrument of proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new instrument of proxy); and
- (D) only the business set out in the notice of the original meeting shall be considered at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be considered at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be considered at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles.

(e) Quorum for Meetings and Separate Class Meetings

No business shall be considered at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (whether physically or by virtual attendance with the use of electronic facilities), or in the case of a member being a corporation, by its duly authorised representative or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to approve the variation of class rights, the necessary quorum shall be two persons holding or representing by proxy not less than one-third of the issued Shares of that class (excluding treasury shares).

(f) Proxies

Any member of the Company (including a member which is a recognised clearing house (or its nominee(s))) entitled to attend and vote at a meeting of the Company is entitled to appoint another person (being a natural person) as his proxy to attend and vote in his place. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting, provided that the number of proxies appointed by a member who is an individual may not exceed two. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is a natural person and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were a natural person member present in person (whether physically or by virtual attendance with the use of electronic facilities) at any general meeting. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing and executed under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation or other non-natural person, either under its seal or under the hand of a duly authorised representative. The appointor should be allowed to send the instrument appointing a proxy by electronic means.

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The Board shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be sent by electronic means (if such means are provided) or deposited and the place and time (being no later than the time appointed for the commencement of the meeting or adjourned meeting to which the instrument of proxy relates) at which such instrument shall be deposited.

Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form that complies with the GEM Listing Rules as the Board may from time to time approve. Any form issued to a member for appointing a proxy to attend and vote at a general meeting at which any business is to be considered shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise the discretion of the proxy in respect of) each resolution dealing with any such business.

2.6 Accounts and Audit

The Board shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions in accordance with the Companies Act.

The books of accounts of the Company shall be kept at the principal place of business of the Company in Hong Kong or, subject to the provisions of the Companies Act, at such other place or places as the Board thinks fit and shall always be open to inspection by any Director. No member (not being a Director) or other person shall have any right to inspect any account, book or document of the Company except as conferred by the Companies Act or ordered by a court of competent jurisdiction or as authorised by the Board or the Company in general meeting.

The Board shall cause to be prepared and laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law and the GEM Listing Rules.

The members shall at each annual general meeting appoint auditor(s) to hold office by ordinary resolution of the members until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the members at the annual general meeting at which they are appointed by ordinary resolution of the members or in any other manner as specified in such ordinary resolution. The members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by ordinary resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in their place for the remainder of the term.

The accounts of the Company shall be prepared and audited based on the generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

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2.7 Dividends and other Methods of Distribution

Subject to the Companies Act and the Articles, the Company may by ordinary resolution resolve to declare dividends and other distributions on Shares in issue in any currency and authorise payment of the dividends or distributions out of the funds of the Company lawfully available therefor, provided that (i) no dividends shall exceed the amount recommended by the Board, and (ii) no dividends or distributions shall be paid except out of the realised or unrealised profits of the Company, out of the share premium account or as otherwise permitted by law.

The Board may from time to time pay to the members of the Company such interim dividends as appear to the Board to be justified by the financial conditions and the profits of the Company. In addition, the Board may from time to time declare and pay special dividends on Shares of such amounts and on such dates as it thinks fit.

Except as otherwise provided by the rights attached to any Shares, all dividends and other distributions shall be paid according to the amounts paid up on the Shares that a member holds during the period in respect of which the dividends and distributions are paid. No amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share.

The Board may deduct from any dividends or other distributions payable to any member of the Company all sums of money (if any) then payable by him to the Company on account of calls or otherwise. The Board may retain any dividends or distributions payable on or in respect of a Share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividends or other distributions payable by the Company on or in respect of any Share shall carry interest against the Company.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may further resolve:

- (a) that such dividend be satisfied in whole or in part in the form of an allotment of Shares credited as fully paid on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (b) that the members entitled to such dividend will be entitled to elect to receive an allotment of Shares credited as fully paid in lieu of the whole or such part of the dividend as the Board may think fit on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee.

Upon the recommendation of the Board, the Company may by ordinary resolution resolve in respect of any one particular dividend of the Company determine that notwithstanding the foregoing, a dividend may be satisfied wholly in the form of an allotment of Shares credited as fully paid without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividends, distributions or other monies payable in cash in respect of Shares may be paid or satisfied by electronic means (including but not limited to electronic funds transfer or wire transfer), or by cheque or warrant sent by post to the registered address of such holder, or in the case of joint holders, to the registered address of the holder who is first named on the register of members of the

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Company, or to such person and to such address as the holder or joint holders may in writing direct. Any one of two or more joint holders may give effectual receipts for any dividends, distributions or other monies payable in respect of the Shares held by them as joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied in whole or in part by the distribution of specific assets of any kind.

Any dividends or other distributions which remain unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company and after such forfeiture no member or other person shall have any right to or claim in respect of such dividends or bonuses.

To the extent permitted by law and unless restricted or prohibited by the GEM Listing Rules, the Company shall: (i) accept from members and other securities holders instructions transmitted by electronic means (including dividend and payment elections, responses to corporate communications and actionable corporate communications, and proxy appointments, revocations and voting directions), subject to such authentication measures as the Board may determine; and (ii) pay any corporate action proceeds (including dividends and other entitlements, refunds in respect of rights issues and open offers, and payments in connection with takeovers and privatisations) by electronic means or such other means as the Board considers appropriate.

2.8 Inspection of Corporate Records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed in accordance with the Companies Ordinance) without charge. For so long as the Shares are prescribed securities and in respect of that portion of the branch register in Hong Kong relating to such Shares, a person may, in accordance with the Securities and Futures (Uncertificated Securities Market) Rules, inspect, make copies of, and request to be provided with copies of, entries in the branch register in Hong Kong.

2.9 Rights of Minorities in relation to Fraud or Oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under the Cayman Islands laws, as summarised in paragraph 3.6 below.

2.10 Procedures on Liquidation

Subject to the Companies Act, the members of the Company may by special resolution resolve to wind up the Company voluntarily or by the court.

2.11 Uncertificated Securities Market Regime

Unless otherwise required under applicable law of the Cayman Islands, if any provision of the Articles conflicts or is inconsistent with any provision of the uncertificated securities market regime (and irrespective of whether the provision is mandatory or enabling in nature), the latter will prevail to the extent of the conflict or inconsistency. If the Articles are silent in respect of any matter provided for

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under any provision of the uncertificated securities market regime (and irrespective of whether the matter is required or permitted under such provision), the matter will be regarded as required or permitted (as the case may be) under the Articles.

Subject to any rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of Shares:

- (a) if the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed *pari passu* among such members in proportion to the amount paid up on the Shares held by them at the commencement of the winding up; and
- (b) if the assets available for distribution among the members of the Company are insufficient to repay the whole of the Company's paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or ought to be paid up, on the Shares held by them at the commencement of the winding up.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the approval of a special resolution and any other approval required by the Companies Act, divide among the members in kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like approval, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

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The Company was incorporated in the Cayman Islands as an exempted company on 28 August 2024 subject to the Companies Act. Certain provisions of the company laws of the Cayman Islands are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the company laws of the Cayman Islands, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company Operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

3.2 Share Capital

Under the Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called the share premium account. At the option of a company,

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these provisions may not apply to premium on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) any manner provided in section 37 of the Companies Act;
- (d) writing-off the preliminary expenses of the company; and
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial Assistance to Purchase Shares of a Company or its Holding Company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of Shares and Warrants by a Company and its Subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In

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addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under the Cayman Islands laws that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and Distributions

Subject to a solvency test, as prescribed in the Companies Act, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

3.6 Protection of Minorities and Shareholders' Suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of Assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

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3.8 Accounting and Auditing Requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it; and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange Control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to Directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of Corporate Records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of Members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make

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any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands.

3.15 Register of Directors and Officers

Pursuant to the Companies Act, the Company is required to maintain at its registered office a register of directors, alternate directors and officers. The Registrar of Companies shall make available the list of the names of the current directors of the Company (and, where applicable, the current alternate directors of the Company) for inspection by any person upon payment of a fee by such person. A copy of the register of directors and officers must be filed with the Registrar of Companies in the Cayman Islands, and any change must be notified to the Registrar of Companies within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

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For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.17 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting members have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

3.18 Mergers and Consolidations involving a Foreign Company

Where the merger or consolidation involves a foreign company, the procedure is similar, save that with respect to the foreign company, the directors of the Cayman Islands exempted company are required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the merger or consolidation is permitted or not prohibited by the constitutional documents of the foreign company and by the laws of the jurisdiction in which the foreign company is incorporated, and that those laws and any requirements of those constitutional documents have been or will be complied with; (ii) that no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up or liquidate the foreign company in any jurisdictions; (iii) that no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the foreign company, its affairs or its property or any part thereof; and (iv) that no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the foreign company are and continue to be suspended or restricted.

Where the surviving company is the Cayman Islands exempted company, the directors of the Cayman Islands exempted company are further required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that

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the foreign company is able to pay its debts as they fall due and that the merger or consolidation is bona fide and not intended to defraud unsecured creditors of the foreign company; (ii) that in respect of the transfer of any security interest granted by the foreign company to the surviving or consolidated company (a) consent or approval to the transfer has been obtained, released or waived; (b) the transfer is permitted by and has been approved in accordance with the constitutional documents of the foreign company; and (c) the laws of the jurisdiction of the foreign company with respect to the transfer have been or will be complied with; (iii) that the foreign company will, upon the merger or consolidation becoming effective, cease to be incorporated, registered or exist under the laws of the relevant foreign jurisdiction; and (iv) that there is no other reason why it would be against the public interest to permit the merger or consolidation.

3.19 Reconstructions and Amalgamations

Reconstructions and amalgamations may be approved by (i) 75% in value of the members or class of members or (ii) a majority in number representing 75% in value of the creditors or class of creditors, in each case depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, it can be expected that the court would approve the transaction if it is satisfied that (i) the company is not proposing to act illegally or beyond the scope of its corporate authority and the statutory provisions as to majority vote have been complied with, (ii) the members have been fairly represented at the meeting in question, (iii) the transaction is such as a businessman would reasonably approve and (iv) the transaction is not one that would more properly be sanctioned under some other provisions of the Companies Act or that would amount to a "fraud on the minority".

If the transaction is approved, no dissenting member would have any rights comparable to the appraisal rights (namely the right to receive payment in cash for the judicially determined value of his shares), which may be available to dissenting members of corporations in other jurisdictions.

3.20 Takeovers

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.21 Indemnification

The Cayman Islands laws do not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

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3.22 Economic Substance

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (2026 Revision) together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. If a company is considered to be a “relevant entity” and is conducting one or more of the nine “relevant activities”, then such company will be required to comply with the economic substance requirements in relation to the relevant activity from 1 July 2019. All companies whether a relevant entity or not are required to file an annual report with the Registrar of Companies of the Cayman Islands confirming whether or not it is carrying on any relevant activities and if it is, it must satisfy an economic substance test.

4. GENERAL

Harney Westwood & Riegels, the Company’s legal adviser on Cayman Islands laws, has sent to the Company a letter of advice summarising the aspects of the Companies Act set out in section 3 above. This letter, together with copies of the Companies Act, the Memorandum and the Articles, is on display on the websites of the Stock Exchange and the Company as referred to in the paragraph headed “Documents delivered to the Registrar of Companies and available on display” in Appendix V. Any person wishing to have a detailed summary of the Companies Act or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 28 August 2024. Our registered office is at the offices of [REDACTED], 4th Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman, KY1-1002, Cayman Islands. We have established a principal place of business in Hong Kong at Room 1603, 16/F, China Building, 29 Queen’s Road Central, Central, Hong Kong and have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 18 November 2024. Loong & Yeung of Room 1603, 16/F, China Building, 29 Queen’s Road Central, Central, Hong Kong has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As an exempted company incorporated in the Cayman Islands, our operations are subject to our Memorandum and Articles of Association and the Companies Act. A summary of certain provisions of our Memorandum and Articles of Association and certain aspects of the Companies Act is set out in Appendix III to this document.

2. Changes in the share capital of our Company

As of the date of incorporation of our Company, our Company had an authorised share capital of HK\$380,000, divided into 38,000,000 shares of HK\$0.01 each. One fully-paid Share was allotted and issued to the initial subscriber.

The following changes in the share capital of our Company have taken place since the date of incorporation of our Company up to the date of this document:

- (a) On 28 August 2024, the initial subscriber transferred one Share to Diamond Soars at par, and 529,199 and 460,800 Shares were allotted and issued to Diamond Soars and Reliable Profit at par value, respectively;
- (b) Pursuant to the Reorganisation, on 11 October 2024, 10,000 Shares were allotted and issued to Perfect Peach as the consideration for the acquisition of the entire issued share capital of Strength Corporation from Perfect Peach at the direction of Diamond Soars and Reliable Profit;
- (c) Pursuant to the written resolutions of our Shareholders passed on [•], the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$[20,000,000], divided into [2,000,000,000] Shares by the creation of a further [1,962,000,000] Shares;
- (d) A total of [REDACTED] of our Company will be initially [REDACTED] to the public by way of [REDACTED]; and
- (e) [REDACTED]

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Immediately following the completion of the [REDACTED] and the [REDACTED] but without taking into account any Shares which may be issued upon the exercise of the [REDACTED] and any Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme, the issued share capital of our Company will be HK\$[REDACTED], divided into [REDACTED] Shares, all fully paid or credited as fully paid.

Save as disclosed above and in the paragraph headed “3. Resolutions in writing of our Shareholders passed on [•]” below in this appendix, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions in writing of our Shareholders passed on [•]

Pursuant to the written resolutions passed by our Shareholders on [•]:

- (a) our Memorandum of Association and Articles of Association were conditionally approved and adopted, the terms of which are summarized in Appendix III to this document, to take effect from the [REDACTED];
- (b) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$[20,000,000] divided into [2,000,000,000] Shares by the creation of an additional [1,962,000,000] Shares;
- (c) conditional on (i) the GEM [REDACTED] granting the [REDACTED] of, and [REDACTED] in, the Shares in issue and to be issued as mentioned in this document, including any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] and any options which may be granted under the Share Option Scheme and (ii) the obligations of the [REDACTED] under the [REDACTED] becoming unconditional and not being terminated in accordance with the terms of the [REDACTED] or otherwise, in each case on or before the date falling 30 days after the date of this document:
 - (i) the [REDACTED] and the [REDACTED] were approved and our Directors were authorised to allot and issue the [REDACTED] pursuant to the [REDACTED] and any Shares which may be required to be allotted and issued upon the exercise of the [REDACTED] to rank *pari passu* with the then existing Shares in all respects;
 - (ii) conditional further on the share premium account of our Company being credited as a result of the [REDACTED] or otherwise having sufficient balance, the [REDACTED] be approved, and our Directors were authorised to capitalise an amount of HK\$[REDACTED] standing to the credit of the share premium account of our Company and to appropriate such amount as capital to pay up in full at par [REDACTED] for [REDACTED] and issue to the Shareholders whose names appear on the register of members of our Company at the close of business on [•] in proportion (as nearly as possible without involving fractions) to its/their then existing shareholdings in our Company, each ranking *pari passu* in all respects with our Shares then in issue, and our Directors were authorised to give effect to such capitalisation and distributions; and
 - (iii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “D. Share Option Scheme” below in this appendix, were approved and adopted and our Directors were authorised to approve any amendments to the rules of the Share Option Scheme, implement the same, to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant thereto;

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- (d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or any Shares allotted and issued in lieu of the whole or part of a dividend on Shares or similar arrangement in accordance with the Memorandum of Association and the Articles of Association or pursuant to a specific authority granted by our Shareholders in general meeting or pursuant to the [REDACTED] and the [REDACTED], Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares, including the right to resell and/or deal with the treasury Shares, and to make or grant offers, agreements or options which might require the exercise of such power, with such number of Shares not exceeding 20% of the total number of the Shares in issue immediately following completion of the [REDACTED] and the [REDACTED] (but excluding any Shares to be issued upon exercise of the [REDACTED] or any options may be granted under the Share Option Scheme and treasury Shares held by our Company, if any), and such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company; or
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum of Association and the Articles of Association or the Companies Act or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting;
- (e) a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all the powers of our Company to purchase the Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be [REDACTED] and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the number of our Shares in issue immediately following completion of the [REDACTED] and the [REDACTED] (not including Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] or any option which may be granted under the Share Option Scheme and treasury Shares held by our Company, if any) and such mandate to remain in effect until the earliest of:
- (i) the conclusion of the next annual general meeting of our Company; or
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum of Association and the Articles of Association or the Companies Act or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting; and

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- (f) the general unconditional mandate mentioned in sub-paragraph (d) above was extended by the addition to the number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted, issued or dealt with (including the sale or transfer of treasury shares) by our Directors pursuant to such general mandate of an amount representing the number of Shares repurchased by our Company pursuant to the Repurchase Mandate referred to in sub-paragraph (e) above, provided that such extended amount shall not exceed 10% of the total number of the Shares in issue immediately following completion of the [REDACTED] and the [REDACTED] (not including Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] or any option which may be granted under the Share Option Scheme and treasury Shares held by our Company, if any).

4. Our subsidiaries

Certain details of our subsidiaries are set out in Appendix I to this document. Save as set out in Appendix I to this document, we do not have any other subsidiaries. Save as disclosed in the section headed “History, Reorganisation and Corporate Structure — Corporate Reorganisation” in this document; (ii) the reduction of registered capital of Shenglong Enterprise Management from RMB100.0 million to RMB47.5 million on 27 April 2026; and (iii) the reduction of registered capital of Yueyuan Holdings (SZ) from RMB60.0 million to RMB1.0 million on 27 April 2026, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this document.

5. Corporate reorganisation

In order to rationalise our structure and prepare for the [REDACTED], our Group has undergone the Reorganisation, particulars of which are set out in the section headed “History, Reorganisation and Corporate Structure — Corporate Reorganisation” in this document. Following the Reorganisation, our Company became the holding company of our Group.

Diagrams showing our Group’s structure after the Reorganisation and immediately upon completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be allotted and issued upon the exercise of the [REDACTED] or any options that may be granted under the Share Option Scheme) are set out in the sub-section headed “History, Reorganisation and Corporate Reorganisation” in this document.

6. Repurchase by our Company of its own securities

This section includes information required by the Stock Exchange to be included in the document concerning the repurchase of our Shares by our Company.

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(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit a company with a primary [REDACTED] on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) Shareholders’ approval (Note)

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary [REDACTED] on the Stock Exchange must be approved in advance by an ordinary resolution by shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions of our Shareholders passed on [•], the Repurchase Mandate was given to our Directors authorising our Directors to exercise all powers of our Company to purchase on the Stock Exchange or any other stock exchange on which the securities of our Company may be [REDACTED] and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares representing up to 10% of the total number of Shares in issue immediately following completion of the [REDACTED] and the [REDACTED] but excluding Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] or any option which may be granted under the Share Option Scheme and any treasury Shares held by our Company, and the Repurchase Mandate shall remain in effect until the earliest of the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum of Association and the Articles of Association or the Companies Act or any other applicable laws of the Cayman Islands to be held, or the time when the Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and the Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands. A listed company is prohibited from repurchasing its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the GEM Listing Rules as amended from time to time. Subject to the foregoing, any repurchase by our Company may be made out of the profits of our Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or if authorised by the Articles of Association and subject to the Companies Act, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or if authorised by the Articles of Association and subject to the Companies Act, out of capital.

(iii) Trading restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue (excluding treasury shares). A company may not issue or sell or transfer any treasury shares or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The GEM Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

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Our Company is required to procure that the broker appointed by it to effect a repurchase of securities shall disclose to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of repurchased securities

The [REDACTED] of all purchased securities (whether on the Stock Exchange or otherwise) might be cancelled and the relevant certificates might be cancelled and destroyed. The repurchased shares might be held as treasury shares subject to market conditions and our Company’s capital management needs at the relevant time of the repurchases. Under the laws of the Cayman Islands, unless prior to the repurchase the directors of the company resolve to hold the shares repurchased by the company as treasury shares, shares repurchased by the company shall be treated as automatically cancelled and the amount of the company’s issued share capital shall be diminished by the nominal value of those shares. However, the repurchase of shares will not be taken as reducing the amount of the authorised share capital under the Companies Act. The [REDACTED] of all repurchased shares which are held as treasury shares will be retained.

(v) Suspension of repurchases

Our Company may not make any repurchase of securities at any time after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of 30 days immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of a listed company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules) and (b) the deadline for publication of an announcement of a listed company’s results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, our company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the GEM Listing Rules.

(vi) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company’s annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased (each month whether on the Stock Exchange or otherwise), the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid. Our Director’s report is also required to contain reference to the repurchase made during the year and our Directors’ reasons for making such repurchase.

(vii) Core connected persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person (as defined in the GEM Listing Rules) and a core connected person is prohibited from knowingly selling his/her/its securities to the company on GEM.

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(b) Reasons for repurchases

Our Directors believe that the ability to repurchase Shares is in the interests of our Company and Shareholders. Repurchases may, depending on market conditions, funding arrangements and other circumstances, result in an increase in the net assets and/or earnings per Share. Our Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by our Directors at the relevant time having regard to the circumstances then pertaining. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and Shareholders.

(c) Funding of repurchases

In repurchasing Shares, our Company may only apply funds lawfully available for such purpose in accordance with the Memorandum of Association and the Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands. There could be a material adverse impact on the working capital and/or gearing position of our Company (as compared with the position disclosed in this document) in the event that the Repurchase Mandate were to be carried out in full at any time during the share repurchase period. However, our Directors do not propose to exercise the mandate to such extent as would, in the circumstances, have a material and adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of [REDACTED] Shares in issue immediately following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme), could accordingly result in up to [REDACTED] Shares being repurchased by our Company during the period prior to:

- (i) the conclusion of our next annual general meeting; or
- (ii) the expiry of the period within which we are required by any applicable laws or the Articles of Association to hold our next annual general meeting; or
- (iii) the date on which the repurchase mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the GEM Listing Rules), has any present intention to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the GEM Listing Rules and the applicable laws in the Cayman Islands.

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No core connected person (as defined in the GEM Listing Rules) of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

If, as a result of any repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder’s proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate immediately after the [REDACTED].

Any exercise of the Repurchase Mandate that would result in the number of Shares held by the public falling below [REDACTED]% of the total number of Shares in issue, being the relevant minimum prescribed percentage as required by the Stock Exchange, could only be implemented if the Stock Exchange agreed to waive the requirement regarding the [REDACTED] under Rule 11.23 of the GEM Listing Rules. However, our Directors have no present intention to exercise the Repurchase Mandate to such an extent that, under the circumstances, there would be insufficient [REDACTED] as prescribed under the GEM Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this document and are or may be material:

- (a) the capital increase agreement dated 13 August 2024 entered into among Shenglong Holdings, Shenzhen Yueyuan, Mr. RQ Liu and Mr. CQ Liu, pursuant to which the registered capital of Shenzhen Yueyuan increased from RMB5.0 million to RMB100.0 million, and the increased registered capital of RMB95.0 million was subscribed by Shenglong Holdings;
- (b) the share swap agreement dated 11 October 2024 entered into among Perfect Peach, Yueyuan Holdings (BVI) and Ms. Liu, pursuant to which Yueyuan Holdings (BVI) acquired the entire issued share capital of Strength Corporation, in consideration of which, our Company issued and allotted 10,000 Shares to Perfect Peach;
- (c) the bought and sold notes dated 11 October 2024 entered into between Perfect Peach and Yueyuan Holdings (BVI), whereby Yueyuan Holdings (BVI) bought one share of Strength Corporation from Perfect Peach in consideration of our Company’s issue and allotment of 10,000 Shares to Perfect Peach;
- (d) the capital increase agreement dated 15 October 2024 entered into among Yueyuan Holdings (SZ), Shenglong Enterprise Management, Mr. RQ Liu, Mr. CQ Liu and Strength Corporation, pursuant to which the registered capital of Shenglong Enterprise Management increased from RMB1.0 million to RMB100.0 million, and the increased registered capital of RMB99.0 million was subscribed by Yueyuan Holdings (SZ);
- (e) the Deed of Indemnity;

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(f) the Deed of Non-Competition; and

(g) the [REDACTED].

2. Material intellectual property rights

As of the Latest Practicable Date, we have registered or have applied for the registration of the following intellectual property rights which are material in relation to our business:

(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which are material to our business:

No.	Trademarks	Class	Registered owner	Place of registration	Registration number	Expiry date
1	 (A) 粤源建设 YUEYUAN CONSTRUCTION	6, 19, 37, 42	Shenzhen Yueyuan	Hong Kong	304140873	15 May 2027
	 (B) 粤源建设 YUEYUAN CONSTRUCTION (As a series of marks)					
2		37	Shenzhen Yueyuan	PRC	79270158	20 February 2035
3		6	Shenzhen Yueyuan	PRC	79254660	20 February 2035

(b) Domain Names

As of the Latest Practicable Date, we have registered the following domain names which are material to our business:

No.	Domain Name	Registered owner	Expiry date
1	yueyuanjs.com	Shenzhen Yueyuan	5 June 2030

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(c) *Patents*

As of the Latest Practicable Date, we have registered the following patents:

No.	Patent	Patent type	Registered owner	Registration number	Place of registration	Date of application	Expiry date
1	A kind of glass curtain wall structure 一種玻璃幕牆結構	Utility model	Shenzhen Yueyuan	2018201693788	PRC	31 January 2018	30 January 2028
2	A kind of curtain wall ventilation device 一種幕牆通風裝置	Utility model	Shenzhen Yueyuan	2018201668413	PRC	31 January 2018	30 January 2028
3	A kind of glass curtain wall connecting device 一種玻璃幕牆連接裝置	Utility model	Shenzhen Yueyuan	2018201693947	PRC	31 January 2018	30 January 2028
4	A kind of nano-coated glass curtain wall that automatically collects rainwater in a unit structure 一種單元 結構雨水自動收集的納米塗層玻璃幕 牆	Invention	Shenzhen Yueyuan	2022101424602	PRC	16 February 2022	15 February 2042
5	A kind of explosion-proof glass curtain wall 一種防爆玻璃幕牆	Utility model	Shenzhen Yueyuan	2018202788997	PRC	27 February 2018	26 February 2028
6	A kind of building curtain wall installation embedded parts 一種建築 幕牆安裝預埋件	Utility model	Shenzhen Yueyuan	2018202750985	PRC	27 February 2018	26 February 2028
7	A kind of curtain wall installation equipment 一種幕牆安裝設備	Utility model	Shenzhen Yueyuan	2018202789171	PRC	27 February 2018	26 February 2028
8	A kind of explosion-proof assembled tempered glass curtain wall 一種防爆 組裝式鋼化玻璃幕牆	Invention	Shenzhen Yueyuan	2022102104777	PRC	3 March 2022	2 March 2042
9	A kind of unit spliced glass curtain wall 一種單元拼接式玻璃幕牆	Invention	Shenzhen Yueyuan	2022102104688	PRC	3 March 2022	2 March 2042
10	A kind of dry-hanging clay brick curtain wall structure 一種乾掛陶土 磚幕牆結構	Invention	Shenzhen Yueyuan	2022102421230	PRC	11 March 2022	10 March 2042
11	A kind of curtain wall pressure-resistant connecting piece 一種幕牆抗壓連接 件	Utility model	Shenzhen Yueyuan	2018203418465	PRC	13 March 2018	12 March 2028
12	A kind of building curtain wall fixing device 一種建築幕牆固定裝置	Utility model	Shenzhen Yueyuan	2018203418291	PRC	13 March 2018	12 March 2028
13	A kind of double-layer ventilated curtain wall structure and its installation method 一種雙層通風式 幕牆結構及其安裝方法	Invention	Shenzhen Yueyuan	2022102585669	PRC	16 March 2022	15 March 2042

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No.	Patent	Patent type	Registered owner	Registration number	Place of registration	Date of application	Expiry date
14	A kind of green curtain wall with waterfall and flowing water based on garden landscape 一種基於園林景觀的瀑布流水綠色幕牆	Invention	Shenzhen Yueyuan	202210257722X	PRC	16 March 2022	15 March 2042
15	A kind of prefabricated curtain wall 一種裝配式幕牆	Invention	Shenzhen Yueyuan	202010437992X	PRC	21 May 2020	20 May 2040
16	A kind of auxiliary installation mechanism for prefabricated curtain walls 一種裝配式幕牆的輔助安裝機構	Utility model	Shenzhen Yueyuan	2020208684664	PRC	21 May 2020	20 May 2030
17	A kind of breathing double-layer curtain wall 一種呼吸式雙層幕牆	Utility model	Shenzhen Yueyuan	202020870462X	PRC	21 May 2020	20 May 2030
18	A kind of fixed structure for prefabricated curtain walls 一種裝配式幕牆的固定結構	Utility model	Shenzhen Yueyuan	2020208694505	PRC	21 May 2020	20 May 2030
19	A kind of auxiliary device for prefabricated curtain wall construction 一種用於裝配式幕牆施工的輔助裝置	Utility model	Shenzhen Yueyuan	2020208694647	PRC	21 May 2020	20 May 2030
20	A kind of multi-curved special-shaped membrane fixed structure for glass curtain wall 一種玻璃幕牆多曲面異形膜固定結構	Utility model	Shenzhen Yueyuan	2022212870689	PRC	25 May 2022	25 May 2032
21	A kind of mobile device for tempered curtain wall construction 一種鋼化幕牆施工用移動裝置	Utility model	Shenzhen Yueyuan	2021212020393	PRC	31 May 2021	30 May 2031
22	A kind of hoisting frame for curtain wall glass construction 一種幕牆玻璃施工用吊裝架	Utility model	Shenzhen Yueyuan	2021211984828	PRC	31 May 2021	30 May 2031
23	A kind of connection structure of double-layer curtain wall 一種雙層幕牆的連接結構	Utility model	Shenzhen Yueyuan	2021211995860	PRC	31 May 2021	30 May 2031
24	A kind of building curtain wall construction equipment with cleaning function 一種具有清潔功能的建築幕牆施工設備	Utility model	Shenzhen Yueyuan	2021212167542	PRC	31 May 2021	30 May 2031
25	A kind of size adjustment equipment for building curtain wall construction 一種建築幕牆施工用尺寸調整設備	Utility model	Shenzhen Yueyuan	2021211995979	PRC	31 May 2021	30 May 2031

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No.	Patent	Patent type	Registered owner	Registration number	Place of registration	Date of application	Expiry date
26	A kind of curtain wall steel support structure 一種幕牆鋼支撐結構	Utility model	Shenzhen Yueyuan	2021212167190	PRC	31 May 2021	30 May 2031
27	A kind of unit curtain wall hoisting equipment 一種單元幕牆吊裝設備 . .	Utility model	Shenzhen Yueyuan	2021212035562	PRC	31 May 2021	30 May 2031
28	A kind of lifting equipment for curtain wall construction 一種幕牆施工用升降設備	Utility model	Shenzhen Yueyuan	2021212167171	PRC	31 May 2021	30 May 2031
29	A kind of mold frame mechanism for suspended profile curtain wall construction 一種用於懸掛式型材幕牆施工的模具框架機構	Utility model	Shenzhen Yueyuan	2021212034517	PRC	31 May 2021	30 May 2031
30	A kind of ultra-small camber angle glass curtain wall construction equipment 一種超小外傾角玻璃幕牆施工設備	Utility model	Shenzhen Yueyuan	2021212047184	PRC	31 May 2021	30 May 2031
31	A kind of unit curtain wall hoisting trolley 一種單元幕牆吊裝小車	Utility model	Shenzhen Yueyuan	2021212034964	PRC	31 May 2021	30 May 2031
32	A kind of stone curtain wall wet pasting construction equipment 一種石材幕牆濕貼施工設備	Utility model	Shenzhen Yueyuan	2021212034979	PRC	31 May 2021	30 May 2031
33	A kind of easy-to-replace self-cleaning glass building curtain wall 一種便於更換的自潔型玻璃建築幕牆	Utility model	Shenzhen Yueyuan	2022213586711	PRC	1 June 2022	31 May 2032
34	A kind of glass curtain wall unit that is easy to splice 一種便於拼接的玻璃幕牆單元	Utility model	Shenzhen Yueyuan	2022214633480	PRC	10 June 2022	9 June 2032
35	A kind of high-strength tempered glass curtain wall structure 一種高強度鋼化玻璃幕牆結構	Utility model	Shenzhen Yueyuan	2022215349049	PRC	17 June 2022	16 June 2032
36	A kind of metal wind-resistant roof 一種金屬抗風掀的屋頂	Invention	Shenzhen Yueyuan	2021107064697	PRC	24 June 2021	23 June 2041
37	A kind of glass curtain wall unit with adjustable light intensity 一種可調節光線強度的玻璃幕牆單元	Utility model	Shenzhen Yueyuan	2022216155318	PRC	24 June 2022	23 June 2032
38	A kind of construction device for circular track curtain wall 一種環形軌道幕牆的施工裝置	Utility model	Shenzhen Yueyuan	2019224472746	PRC	26 December 2019	25 December 2029
39	A kind of unitized curtain wall support structure 一種單元式幕牆支座結構 . .	Utility model	Shenzhen Yueyuan	2019223957862	PRC	26 December 2019	25 December 2029

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No.	Patent	Patent type	Registered owner	Registration number	Place of registration	Date of application	Expiry date
40	A kind of construction device for cantilevered inclined curtain walls 一種懸挑式斜幕牆的施工裝置	Utility model	Shenzhen Yueyuan	2019223886119	PRC	26 December 2019	25 December 2029
41	A kind of waterproof device for glass curtain wall 一種玻璃幕牆用防水裝置	Invention	Shenzhen Yueyuan	2019114216023	PRC	31 December 2019	30 December 2039
42	A kind of high-payload construction robot 一種高負載建築機器人	Utility model	Shenzhen Yueyuan	2020233494709	PRC	31 December 2020	30 December 2030
43	A kind of unitized waterproof curtain wall 一種單元式防水幕牆	Utility model	Shenzhen Yueyuan	2020233477281	PRC	31 December 2020	30 December 2030
44	A kind of special-shaped curved stone curtain wall 一種異形曲面石材幕牆	Utility model	Shenzhen Yueyuan	2020233494662	PRC	31 December 2020	30 December 2030
45	A kind of open environmentally friendly glass curtain wall 一種開放式環保玻璃幕牆	Utility model	Shenzhen Yueyuan	2020233494681	PRC	31 December 2020	30 December 2030
46	A kind of point-supported glass curtain wall 一種點支式玻璃幕牆	Utility model	Shenzhen Yueyuan	2020233494925	PRC	31 December 2020	30 December 2030
47	A kind of double-layer breathing curtain wall 一種雙層呼吸式幕牆	Utility model	Shenzhen Yueyuan	2020233458897	PRC	31 December 2020	30 December 2030
48	A kind of energy-saving curtain wall for high-rise buildings 一種高層建築節能型幕牆	Utility model	Shenzhen Yueyuan	2020233477262	PRC	31 December 2020	30 December 2030
49	A kind of installation support for curtain wall 一種用於幕牆的安裝支座	Invention	Shenzhen Yueyuan	2021108260897	PRC	21 July 2021	20 July 2041
50	A kind of thermal insulation hollow heating glass curtain wall 一種保溫型中空加熱玻璃幕牆	Utility model	Shenzhen Yueyuan	2022220003483	PRC	29 July 2022	28 July 2032
51	A new type of wind chime curtain wall structure 一種新型風鈴幕牆結構	Utility model	Shenzhen Yueyuan	2022216964191	PRC	1 July 2022	30 June 2032
52	A kind of installation and adjustment structure for ventilated energy-saving glass curtain wall 一種通風型節能玻璃幕牆的安裝調節結構	Utility model	Shenzhen Yueyuan	2022218809788	PRC	19 July 2022	18 July 2032

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No.	Patent	Patent type	Registered owner	Registration number	Place of registration	Date of application	Expiry date
53	A kind of auxiliary installation device for the exterior wall of a glass photovoltaic composite insulation building 一種玻璃光電複合保溫建築物外牆的輔助安裝裝置	Utility model	Shenzhen Yueyuan	2022219129476	PRC	22 July 2022	21 July 2032
54	A kind of self-cleaning glass curtain wall with unit structure and its cleaning process 一種單元式結構的自清潔玻璃幕牆及其清潔工藝	Invention	Shenzhen Yueyuan	2022104969540	PRC	11 July 2022	10 July 2042
55	A kind of self-cleaning glass curtain wall with unit structure 一種單元式結構的自清潔玻璃幕牆	Utility model	Shenzhen Yueyuan	2023216745466	PRC	28 June 2023	27 June 2033
56	A kind of curtain wall alloy material grinding device 一種幕牆合金材料打磨裝置	Utility model	Shenzhen Yueyuan	2023214616422	PRC	8 June 2023	7 June 2033
57	A kind of curtain wall with self-cleaning function 一種具有自清潔功能的幕牆	Utility model	Shenzhen Yueyuan	202321789146X	PRC	7 July 2023	6 July 2033
58	A kind of construction curtain wall operation and maintenance lifting device 一種建築用幕牆運維吊運裝置	Utility model	Shenzhen Yueyuan	2019224178818	PRC	26 December 2019	25 December 2029
59	A kind of automatic sealant applying device 一種自動塗密封胶裝置	Utility model	Shenzhen Yueyuan	202322314500X	PRC	25 August 2023	24 August 2033
60	A kind of combined unit nano self-cleaning curtain wall 一種組合單元納米自清潔幕牆	Utility model	Shenzhen Yueyuan	2023219498672	PRC	21 July 2023	20 July 2033
61	A kind of fish-scale inclined glass curtain wall 一種魚鱗式傾斜玻璃幕牆	Utility model	Shenzhen Yueyuan	2024203581744	PRC	26 February 2024	25 February 2034
62	A kind of waterproof structure of an open curtain wall 一種開放式幕牆的防水結構	Utility model	Shenzhen Yueyuan	2024206083628	PRC	27 March 2024	26 March 2034
63	A kind of double-layer photovoltaic glass curtain wall that facilitates ventilation and heat dissipation 一種便於通氣散熱的雙層光伏玻璃幕牆 .	Utility model	Shenzhen Yueyuan	2024207860934	PRC	16 April 2024	15 April 2034

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As of the Latest Practicable Date, we have filed the following patent applications which are pending:

No.	Patent	Patent type	Applicant	Place of application	Application number	Filing date
1	A kind of curtain wall alloy material cutting device and cutting method for convenient positioning 一種便於定位的幕牆合金材料切割裝置及切割方法	Invention	Shenzhen Yueyuan	PRC	202311241124.4	22 September 2023
2	A kind of prefabricated glass curtain wall and assembly method thereof 一種裝配式玻璃幕牆及其裝配方法	Invention	Shenzhen Yueyuan	PRC	202311433884.5	31 October 2023
3	A kind of efficient automatic lifting installation tool and lifting method 一種高效自動升降安裝工具及升降方法. . .	Invention	Shenzhen Yueyuan	PRC	202311333626.X	16 October 2023
4	A kind of curtain wall surface nanomaterial fusion penetration treatment device and treatment method 一種幕牆表面納米材料融合滲透處理裝置及處理方法	Invention	Shenzhen Yueyuan	PRC	202310729751.6	16 June 2023
5	A kind of auxiliary installation equipment supporting interchangeable glass curtain wall 一種支援互承式玻璃幕牆輔助安裝設備	Invention	Shenzhen Yueyuan	PRC	202410599970.1	15 May 2024
6	A kind of photovoltaic curtain wall that is self-adjusting with light 一種隨光照自調節式光伏幕牆	Invention	Shenzhen Yueyuan	PRC	202410413934.1	8 April 2024
7	A kind of curved curtain wall installation structure based on BIM technology 一種基於BIM技術的曲面幕牆安裝結構.	Invention	Shenzhen Yueyuan	PRC	202410554409.1	7 May 2024
8	A kind of green photovoltaic curtain wall system for efficient use of sunlight and realisation method 一種高效利用陽光的綠色光伏幕牆系統及實現方法	Invention	Shenzhen Yueyuan	PRC	202410382822.4	1 April 2024

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No.	Patent	Patent type	Applicant	Place of application	Application number	Filing date
9	A kind of composite structure of an inverted conical unit curtain wall 一種倒錐形單元幕牆的組合結構	Invention	Shenzhen Yueyuan	PRC	202410507590.0	25 April 2024
10	A kind of self-cleaning glass curtain wall that is convenient for ventilation 一種方便透風的自清潔玻璃幕牆	Invention	Shenzhen Yueyuan	PRC	202410247831.2	5 March 2024
11	A kind of large-span curtain wall with rigid-flexible buffer structure 一種具有剛柔緩衝結構的大跨度幕牆系統 . . .	Invention	Shenzhen Yueyuan	PRC	202410621693.X	20 May 2024
12	A kind of energy-saving daylighting system based on double-skin glass curtain wall 一種基於雙層皮玻璃幕牆的節能採光系統	Invention	Shenzhen Yueyuan	PRC	202411543303.8	31 October 2024
13	A kind of intelligent control system for unitized curtain wall 一種單元式幕牆智能化控制系統	Invention	Shenzhen Yueyuan	PRC	202411588125.0	8 November 2024
14	A kind of superhydrophilic flame-retardant coating containing nanomaterials and its preparation method 一種含納米材料的超親水阻燃塗層及其製備方法	Invention	Shenzhen Yueyuan	PRC	202411679145.9	22 November 2024
15	A kind of transparent superhydrophilic coating containing nanomaterials and its preparation method 一種含納米材料的透明超親水塗層及其製備方法	Invention	Shenzhen Yueyuan	PRC	202411720684.2	28 November 2024

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(d) Software Copyrights

As of the Latest Practicable Date, we have registered the following software copyrights which are material to our business:

No.	Name of software	Registered owner	Registration number	Place of registration	Date of completion of development
1	Yueyuan curtain wall project quotation software 粵源幕牆工程報價軟件	Shenzhen Yueyuan	2015SR200108	PRC	19 October 2015
2	Yueyuan unitized curtain wall component optimisation design software 粵源單元式幕牆構件優化設計軟件	Shenzhen Yueyuan	2015SR198950	PRC	16 October 2015
3	Yueyuan curtain wall material calculation and analysis software 粵源幕牆材料計算分析軟件	Shenzhen Yueyuan	2015SR198331	PRC	16 October 2015
4	Yueyuan curtain wall structure optimisation simulation software 粵源幕牆結構優化模擬軟件	Shenzhen Yueyuan	2015SR197877	PRC	15 October 2015
5	Yueyuan Curtain Wall Construction Positioning Control Software 粵源幕牆施工定位控制軟件	Shenzhen Yueyuan	2015SR197819	PRC	15 October 2015
6	Yueyuan Curtain Wall Installation Process Management Software 粵源幕牆安裝工藝管理軟件	Shenzhen Yueyuan	2015SR197647	PRC	15 October 2015
7	Wind vibration reliability analysis software for curtain walls 幕牆的風振可靠性分析軟件	Shenzhen Yueyuan	2018SR140961	PRC	5 March 2018
8	Curtain wall wind pressure resistance data acquisition system 幕牆抗風壓特性數據採集系統	Shenzhen Yueyuan	2018SR141952	PRC	5 March 2018
9	Curtain wall information modeling software 幕牆的信息建模軟件	Shenzhen Yueyuan	2018SR141638	PRC	5 March 2018
10	Curtain wall automation installation control software 幕牆自動化安裝控制軟件	Shenzhen Yueyuan	2018SR140924	PRC	5 March 2018
11	Curtain wall visual 3D modeling software 幕牆可視化三維建模軟件	Shenzhen Yueyuan	2018SR140920	PRC	5 March 2018
12	Curved curtain wall fitting BIM intelligent analysis system 曲面幕牆擬合BIM智能分析系統	Shenzhen Yueyuan	2018SR928100	PRC	20 November 2018

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No.	Name of software	Registered owner	Registration number	Place of registration	Date of completion of development
13	Architectural curtain wall design optimisation software 建築幕牆設計優化軟件	Shenzhen Yueyuan	2018SR927758	PRC	20 November 2018
14	Curtain wall thermal air flow finite analysis calculation software 幕牆熱氣流有限分析計算軟件	Shenzhen Yueyuan	2019SR0204921	PRC	4 March 2019
15	Outdoor curtain wall lighting energy-saving control system 室外幕牆照明節能控制系統	Shenzhen Yueyuan	2020SR0211148	PRC	4 March 2020
16	Electronically controlled cooling glass curtain wall control system 電控式散熱玻璃幕牆控制系統	Shenzhen Yueyuan	2019SR1428407	PRC	25 December 2019
17	Photovoltaic photothermal curtain wall heat utilisation system 光伏光熱幕牆熱利用系統	Shenzhen Yueyuan	2019SR1420195	PRC	24 December 2019
18	Plant curtain wall automatic fill light control system 植物幕牆自動補光控制系統	Shenzhen Yueyuan	2019SR1428392	PRC	25 December 2019
19	Air flow intelligent monitoring system 空氣流動智能監測系統	Shenzhen Yueyuan	2021SR0177447	PRC	1 February 2021
20	Architectural design integrated simulation integrated software 建築設計一體化仿真集成軟件	Shenzhen Yueyuan	2021SR0175740	PRC	1 February 2021
21	Construction robot construction information interaction system 建築機器人施工信息交互系統	Shenzhen Yueyuan	2021SR0180464	PRC	2 February 2021
22	Intelligent integrated cabling management software 智能化綜合佈線管理軟件	Shenzhen Yueyuan	2021SR0180342	PRC	2 February 2021
23	Special-shaped GRC curtain wall BIM intelligent analysis system 異形GRC幕牆BIM智能分析系統	Shenzhen Yueyuan	2021SR0180465	PRC	2 February 2021

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C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) *Interests and short positions of our Directors and chief executives in the Shares, underlying Shares and debentures of our Company and our associated corporations*

So far as our Directors are aware, immediately following the completion of the [REDACTED] and the [REDACTED] and without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED] and any Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme, the interests and/or short positions of our Directors and chief executive in the Shares, underlying Shares and debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are [REDACTED] on the Stock Exchange, will be as follows:

(i) *Long position in our Shares*

Name of Director/chief executive	Capacity/Nature of interest	Number of Shares	Approximate Percentage of total number of issued Shares
Mr. RQ Liu (<i>Note 1</i>).	Interest in controlled corporation	[REDACTED]	[REDACTED]%
Mr. CQ Liu (<i>Note 2</i>).	Interest in controlled corporation	[REDACTED]	[REDACTED]%

Notes:

- 1 Immediately following completion of the [REDACTED] and the [REDACTED], Diamond Soars will hold [REDACTED] Shares, representing approximately [REDACTED]% of the total issued share capital of our Company. Diamond Soars is wholly-owned by Mr. RQ Liu, therefore, Mr. RQ Liu is deemed to be interested in the Shares held by Diamond Soars by virtue of the SFO.
- 2 Immediately following completion of the [REDACTED] and the [REDACTED], Reliable Profit will hold [REDACTED] Shares, representing approximately [REDACTED]% of the total issued share capital of our Company. Reliable Profit is wholly-owned by Mr. CQ Liu, therefore, Mr. CQ Liu is deemed to be interested in the Shares held by Reliable Profit by virtue of the SFO.

(ii) *Long positions in the shares of our associated corporations*

Name of Director/chief executive	Name of associated corporation	Capacity/Nature of interest	Number of shares	Approximate Percentage of total number of issued shares
Mr. RQ Liu	Diamond Soars	Beneficial owner	[REDACTED]	[REDACTED]%
Mr. CQ Liu	Reliable Profit	Beneficial owner	[REDACTED]	[REDACTED]%

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(b) *Interests and short positions of substantial shareholders in the Shares, underlying Shares and debentures of our Company*

So far as is known to our Directors and taking no account of any Shares which may be taken up under the [REDACTED], and Shares to be issued pursuant to the exercise of the [REDACTED] and any options which may be granted under the Share Option Scheme, the following persons (not being a Director or chief executive of our Company) will, immediately following the completion of the [REDACTED] and the [REDACTED], have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group:

(i) *Long position in our Shares*

Name	Capacity/Nature of interest	Number of Shares	Approximate Percentage of total number of issued Shares
Diamond Soars (<i>Note 1</i>)	Beneficial owner	[REDACTED]	[REDACTED]%
Ms. Zhu Xiuyin (<i>Note 2</i>). . . .	Interest of spouse	[REDACTED]	[REDACTED]%
Reliable Profit (<i>Note 3</i>).	Beneficial owner	[REDACTED]	[REDACTED]%

Notes:

- 1 Diamond Soars is wholly-owned by Mr. RQ Liu, therefore, Mr. RQ Liu is deemed to be interested in the Shares held by Diamond Soars by virtue of the SFO.
- 2 Ms. Zhu Xiuyin is the spouse of Mr. RQ Liu. Accordingly, for the purpose of the SFO, Ms. Zhu Xiuyin is deemed, or taken to be, interested in the Shares in which Mr. RQ Liu is interested.
- 3 Reliable Profit is wholly-owned by Mr. CQ Liu, therefore, Mr. CQ Liu is deemed to be interested in the Shares held by Reliable Profit by virtue of the SFO.

2. **Directors’ service contracts**

Each Director [has entered] into a service contract with our Company for an initial term of three years with effect from the [REDACTED]. The terms and conditions of each of such service contracts are similar in all material aspects. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term subject to retirement by rotation and re-election at an annual general meeting of our Company at least once every three years and until terminated by either party giving at least one month’s written notice of non-renewal before the expiry of the initial term.

Save as disclosed above, none of our Directors has entered into, or has proposed to enter into, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. **Directors’ remuneration**

- (a) The aggregate remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind) paid to our Directors for FY2024, FY2025 and 3M2026 were approximately RMB440,00, RMB445,000 and RMB105,000 respectively.

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Save as disclosed above, no other payments have been made or are payable, in respect of FY2024, FY2025 and 3M2026, by any of member of our Group to any of our Directors.

- (b) Under the arrangements currently in force, the aggregate amount of remuneration payable to our Directors for the year ending 31 December 2026 is estimated to be approximately RMB[•] (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind).
- (c) None of our Directors or any past directors of any member of our Group has been paid any sum of money during the Track Record Period (i) as an inducement to join or upon joining our Company; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (d) Under the arrangements currently proposed, conditional upon the [REDACTED], the basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

	<i>RMB</i>
Executive Directors	
Mr. CQ Liu	120,000
Mr. WJ Liu	120,000
Non-executive Directors	
Mr. RQ Liu	120,000
Ms. Li Ruyan	120,000
Independent non-executive Directors	
Mr. Chan Chi Hang	36,000
Mr. Jian Zhentao	36,000
Mr. Xue Yanguang	36,000

4. Fees or commission received

Save as disclosed in the section headed “[REDACTED]” in this document, none of our Directors or experts (as named in the paragraph headed “E. Other information — 6. Qualifications of experts” below in this appendix) received or will be entitled to receive any commission, discount, brokerages, or other special terms in connection with the issue of any Share within three years immediately preceding the date of this document.

5. Related party transactions

Details of the related party transactions are set out under Note 32 to the Accountants’ Report set out in Appendix I to this document.

6. Disclaimers

Save as otherwise disclosed in this appendix:

- (a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between our Directors and any member of our Group;

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- (b) none of our Directors or the experts named in the paragraph headed “E. Other information — 6. Qualifications of experts” below in this appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors or the experts named in the paragraph headed “E. Other information — 6. Qualifications of experts” below in this appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;
- (d) none of our Directors or the experts named in the paragraph headed “E. Other information — 6. Qualifications of experts” below in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (e) none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the [REDACTED] and the [REDACTED], have any interest in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (f) none of our Directors or chief executive of our Company has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of the associated corporations (within the meaning of the SFO) which, once our Shares are [REDACTED] on the Stock Exchange, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he will be taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to our Company and the Stock Exchange;
- (g) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the GEM Listing Rules) or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the top five customers or the top five suppliers of our Group in each year/period during the Track Record Period; and
- (h) no remuneration or other benefits in kind have been paid by any member of our Group to any Director since the date of incorporation of our Company, nor are any remuneration or benefits in kind payable by any member of our Group to any Director in respect of the current financial year under any arrangement in force as at the Latest Practicable Date.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by our Shareholders on [•].

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1. Summary of the terms of the Share Option Scheme

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is: (i) to attract and retain the best quality personnel for the development of our Group’s businesses; (ii) to provide additional incentives or rewards to selected Eligible Participants (as defined below) for their contribution to the creation of our Company’s value; and (iii) to promote the long term financial success of our Group by aligning the interest of any Eligible Participant who accepts an offer of the grant of an option in accordance with the terms of the Share Option Scheme (“**Grantee(s)**”) to those of our Shareholders.

(b) Who may join

Subject to the terms of the Share Option Scheme and the requirements of the GEM Listing Rules, our Board shall be entitled at any time during the term of the Share Option Scheme to make an offer for the grant of an Option to any person belonging to the following classes as our Board may in its absolute discretion select (an “**Eligible Participant**”):

- (i) any person employed by any member of our Group who has successfully passed their probation period and any person who is a director (whether executive or non-executive) of any member of our Group, which shall include any person who is granted option(s) as an inducement to enter into employment contract with any member of our Group (an “**Eligible Employee**”). For the avoidance of doubt, a Grantee shall not cease to be an Eligible Employee only by reason of (a) any leave of absence approved by his/her employing or engaging company; or (b) transfers between members of our Group or any successor;
- (ii) any person who is employed by or is a director (whether executive or non-executive) of any of the holding companies, fellow subsidiaries or associated companies of our Company (an “**Eligible Related Entity Participant**”); or
- (iii) any person who provides services to any member of our Group on a continuing or recurring basis in its ordinary and usual course of business which, in the opinion of our Board, are in the interests of the long term growth of our Group, including: (a) suppliers of services to any member of our Group; and (b) advisors (professional or others) or consultants to any area of business or business development of any member of our Group, provided that any placing agents or financial advisers providing advisory services to our Group for fundraising, mergers or acquisitions and professional services providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity should not be Eligible Service Providers for the purpose of the Share Option Scheme (an “**Eligible Service Provider**”).

(c) Maximum number of Shares

- (i) Prior to the approval of a Refreshed Mandate Limit (as defined below), the maximum aggregate number of Shares which may be allotted and issued or transferred by our Company upon exercise of all options which may be granted under the Share Option Scheme and any options or awards under any other schemes to be adopted by our Company from time to time (including, for the avoidance of doubt, such maximum aggregate number of Shares which may be allotted and issued or transferred by our Company upon exercise of the service providers’ options under the Service Provider Sublimit (as defined below)) is [REDACTED] Shares, being no more than 10% of our Shares in issue (excluding treasury Shares) as at the [REDACTED] (the “**Initial Mandate Limit**”).

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- (ii) Our Company may refresh the Initial Mandate Limit or the Refreshed Mandate Limit (as the case may be) (the “**Scheme Mandate Limit**”) by ordinary resolution of our Shareholders after three years from the date of Shareholders’ approval for the last refreshment (or the adoption of the Scheme, as the case may be). Any proposal for refreshing the Scheme Mandate Limit before the end of such three years period must be approved by our independent Shareholders. In no event shall that the maximum aggregate number of Shares which may be allotted and issued or transferred by our Company under the Scheme Mandate Limit as refreshed (the “**Refreshed Mandate Limit**”) exceed 10% of our Shares in issue (excluding treasury Shares) as at the date of approval of the Refreshed Mandate Limit.
- (iii) Our Board may seek separate approval of our Shareholders in general meeting to grant options beyond the Initial Mandate Limit or the Refreshed Mandate Limit, provided that the options in excess of the Initial Mandate Limit or the Refreshed Mandate Limit shall be granted only to such Eligible Participant(s) and for such number and terms specifically identified and determined by our Company before such approval is sought.
- (iv) Subject to available Scheme Mandate Limit and prior to the approval of a Refreshed Sublimit (as defined below), the maximum aggregate number of Shares which may be allotted and issued or transferred by our Company upon exercise of all options which may be granted under the Share Option Scheme and any options or awards under any other share schemes to be adopted by our Company from time to time to the Eligible Service Providers (the “**Service Provider Sublimit**”) must not exceed such number of Shares representing 10% of the Initial Mandate Limit (the “**Initial Sublimit**”). Our Company may, conditional upon the obtaining of the required approval for the Refreshed Mandate Limit, refresh the Initial Sublimit by a separate ordinary resolution of our Shareholders (or our independent Shareholders, as the case may be) in general meeting where approval for the Refreshed Mandate Limit is sought. In no event shall that the Service Provider Sublimit as refreshed (the “**Refreshed Sublimit**”) exceed 10% of the Refreshed Mandate Limit. Our Board considers that the Service Provider Sublimit is appropriate and reasonable taking into account (i) the grant of options to the Eligible Service Providers will be decided on a case-by-case basis based on his/her contributions to the development and growth of our Group from time to time; (ii) the maximum possible number of options that our Company intends to grant to the Eligible Service Provider Participants and our Company’s future business and development plan; and (iii) the major portion of the Scheme Mandate Limit to be reserved for grants to Eligible Participants other than the Eligible Service Provider Participants.
- (v) For the purpose of calculating the Scheme Mandate Limit or the Service Provider Sublimit, as the case may be:
 - (A) options previously granted under the Share Option Scheme and any other schemes of our Company (including those outstanding, cancelled, lapsed, vested or exercised) will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit;
 - (B) options previously granted to Eligible Service Provider Participants (including those outstanding, cancelled, lapsed, vested or exercised) will not be regarded as being utilised for the purpose of calculating the Service Provider Sublimit;
 - (C) in event our Company cancels a Grantee’s options and makes a new grant to such Grantee, the options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (or the Service Provider Sublimit, as the case may be); and

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- (D) Shares issued and allotted as a result of vesting or exercise of options or awards previously granted under the Share Option Scheme and any other share schemes of our Company will not be counted for the purpose of determining the number of Shares in issue at the date of the relevant Shareholders’ meeting.

(d) Maximum entitlement of each Eligible Participant

- (i) The total number of Shares issued and to be issued upon exercise of options (whether exercised or outstanding) together with all other options and awards granted under the Share Option Scheme and any other schemes of our Company in any 12-month period up to and including the date of such grant to each Grantee must not exceed 1% of our Shares in issue (excluding treasury Shares).
- (ii) Where any further grant of options to a Grantee would result in our Shares issued and to be issued upon exercise of all options and awards granted and to be granted to such person together with all other options and awards (excluding all options and awards lapsed in accordance with the terms of the schemes) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of our Shares in issue (excluding treasury Shares), such grant shall be subject to separate approval by our Shareholders in general meeting with the relevant Grantee and his/her close associates (or associates if the Grantee is a connected person) abstaining from voting.

(e) Grant of options to a Director, chief executive and substantial shareholder of our Company (“core connected persons”)

- (i) Subject to paragraph (d) above, where any offer of an option is proposed to be made to an Eligible Participant who is a Director, chief executive (other than a proposed Director or a proposed chief executive of our Company) or substantial Shareholder of our Company or any of their respective associates, under the Share Option Scheme or any other share scheme of our Company or our subsidiaries, such offer must first be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Option in issue).
- (ii) In case of (A) any change in the terms of options granted to a substantial shareholder or independent non-executive Director of our Company, or any of their respective associates, or (B) where any grant of Options to a substantial shareholder or an independent non-executive Director of our Company, or any of their respective associates, which would result in our Shares issued and to be issued upon exercise of all options and other options and awards already granted (excluding those lapsed or cancelled in accordance with the terms of the Share Option Scheme) to such person under the Share Option Scheme and any other share scheme(s) of our Company in the 12-month period up to and including the date of the offer, (a) representing in aggregate over 0.1% of the number of Shares in issue; (or such other percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue, then such further grant of options must be approved by our Shareholders in general meeting. The Participant, his/her associates and all core connected persons of our Company must abstain from voting at such general meeting. The circular dispatched to the Shareholders must contain the information required under the GEM listing rules.

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- (iii) Subject to (iv) below, at such general meeting, the grant of options to the substantial Shareholder or independent non-executive Director (or any of their respective associates or any person whose associate is a substantial Shareholder or an independent non-executive Director) shall be approved by our Shareholders in compliance with the requirements under the GEM Listing Rules for voting at such meeting.
- (iv) (i), (ii) and (iii) above shall only apply for so long and insofar as the GEM Listing Rules so require.

For the purpose of seeking the approval of our Shareholders under paragraphs (c)(iii), (d) and (e)(ii) above, our Company shall send a circular to our Shareholders containing the information required under the GEM Listing Rules and where the GEM Listing Rules shall so require, the vote at the Shareholders’ meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the GEM Listing Rules abstaining from voting.

(f) Time of acceptance and exercise of an option

An offer under the Share Option Scheme shall remain open for acceptance by the Eligible Participant concerned for a period of 28 days from the date, which shall be a business day, on which the offer is made to the Eligible Participant.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined by our Board and specified in the letter to the Grantee (the “**Option Period**”), which shall be ten years (or such shorter period as may be separately specified in the letter to the Grantee) from the date on which the option is granted or deemed to have been granted (the “**Commencement Date**”).

All options granted under the Share Option Scheme will be subject to a vesting period of no less than 12 months from the date of grant. A shorter vesting period may be allowed for Employee Participants in certain specific circumstances set out in the Share Option Scheme subject to approval by the Board and/or the Remuneration Committee of our Company (for options granted to the Directors or senior management) at the Board’s discretion, provided that such Participant has been specifically identified by the Board before granting such approval.

An offer shall have been accepted by a Grantee when the duplicate letter comprising acceptance of the option duly signed by Grantee together with a remittance in favour of our Company of HK\$1.00 as consideration for the grant thereof is received by our Company. Such remittance shall in no circumstances be refundable.

Any offer may be accepted by an eligible participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a number of shares equal to a board lot for the purposes of trading shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the acceptance of the offer.

(g) Performance targets

Any grant of options under the Share Option Scheme may be subject to a performance target (if any) so as to achieve the purpose of the Share Option Scheme. The performance target, if any, shall be based on the performance of the Eligible Participant and/or the operating or financial performance of

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our Group including but not limited to the profit before tax of our Group and/or such other performance target to be determined by our Board in its absolute discretion from time to time, which shall be set out in the relevant offer letter in relation to the grant of options issued to each selected Eligible Participant.

(h) Subscription price for Shares

The subscription price in respect of any option shall be such price as our Board may in its absolute discretion determine at the time of grant, provided that it shall not be less than the higher of:

- (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the Commencement Date;
- (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the Commencement Date; and
- (iii) the nominal value of our Share.

(i) Ranking of Shares

The Shares to be allotted and issued upon the exercise of an option shall be subject to all the provisions of the Articles of Association (as may be amended from time to time) and shall rank *pari passu* in all respects with the then existing fully paid Shares in issue on the date on which the Shares are allotted to a Grantee pursuant to the exercise of an option (the “**Allotment Date**”) or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Allotment Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Allotment Date, or if later, before the date of registration of the allotment in the register of members of our Company. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the Shares are allotted and issued to him or her under the terms of the Share Option Scheme.

(j) Restrictions on the time of Grant of Options

An offer of the grant of an option may not be made after inside information (as defined in the GEM Listing Rules) has come to our Company’s knowledge until (and including) the trading day after such inside information has been publicly disseminated in accordance with the GEM Listing Rules. In particular, but only insofar as and for so long as the GEM Listing Rules require (as may be amended from time to time), no option may be granted:

- (i) the period of 30 days immediately preceding the earlier of (a) the date of the board meeting (as first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company’s results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and (b) the deadline for our Company to publish an announcement of its results for any year or half-year under the GEM Listing Rules, or quarterly or other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement;
- (ii) the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year; and

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- (iii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period,

and ending on the date of the results announcement.

The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

(k) Period of the Share Option Scheme

The Share Option Scheme shall be valid and effective commencing from the date of the Share Option Scheme becoming unconditional upon fulfilment of the conditions set out in paragraph (w) below until the termination date as provided therein (being the close of business of our Company on the date which falls 10 years from the date of the adoption of the Share Option Scheme).

(l) Rights upon ceasing employment

If the Grantee is an Eligible Employee and in the event of him/her ceasing to be an Eligible Employee for any reason other than on one or more of the grounds specified in paragraphs (m) and (n) below before exercising the option in full, the option (to the extent not already exercised) shall lapse immediately and not be exercisable by the Grantee (to the extent such option not become exercisable and not already exercised) on the date on which the Grantee ceases to be an Eligible Participant due to any of the following events:

- (i) the termination of employment of the Grantee by reason of resignation; or
- (ii) termination of employment of the Grantee on the grounds of having committed any act of bankruptcy or having become insolvent or having made any arrangements or composition with creditors generally or redundancy (“Cause”), whereby a resolution of our Board to the effect that the Grantee or relevant Eligible Participant has or has not ceased to be an Eligible Participant for Cause shall be conclusive.

(m) Rights on death, disablement or retirement

If the Grantee is an Eligible Employee and in the event of his or her ceasing to be an Eligible Employee by reason of his death, total permanent physical or mental disablement or retirement under normal retirement conditions before exercising the option(s) in full, such option(s) may be exercised (to the extent not already exercised) (or, as the case may be, his or her legal personal representative(s)) within a period of 6 months following the date on which the Grantee ceases to be an Eligible Employee.

(n) Misconduct, Misstatement in Financial Statements of our Group and Breach of Employment Contract

In the event our Board determines that the Grantee:

- (i) has committed a Misconduct (as defined below);
- (ii) is involved in a material misstatement in our Company’s financial statements;

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- (iii) has committed a breach of the employment contract or, as the case may be, the services agreement of the Grantee;
- (iv) the employment or, as the case may be, the services agreement of the Grantee has been terminated on the grounds of Misconduct (as defined below);
- (v) whose conduct, in the reasonable opinion of our Board, amounts to gross negligence, fraud or dishonesty which results in or reasonably likely to result in a significant reputational damage to our Group or a material adverse effect to the financial position, business, prospects, performance or profitability of our Group;

Our Board may at its absolute discretion forfeit all the outstanding option(s) granted to the relevant Grantee but not yet vested and exercised without the approval of the relevant Grantee.

A misconduct ("**Misconduct**") in relation to a Grantee refers to:

- (i) the Grantee being an Eligible Employee or an Eligible Related Entity Participant wilfully disobeys a lawful and reasonable order, or misconducts himself/herself, or is guilty of fraud or dishonesty, or is habitually neglectful in his/her duties, or any other events which result in a summary dismissal of his/her employment; or
- (ii) the Grantee being an Eligible Service Provider Participant without reasonable excuse or justification wilfully neglects or fails to perform his/her duty or acts in a manner that a reasonable person would consider seriously improper.

(o) Rights on takeover

In the event that a general offer, whether by way of take-over offer, or share repurchase offer, or scheme of arrangement or otherwise in like manner, is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use its best endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full (to the extent not yet exercised) of the option(s) granted to them, Shareholders. If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the Grantee (or his or her legal personal representative(s)) shall be entitled to exercise the option(s) in full (to the extent not already exercised) at any time within fourteen (14) days after the date on which such general offer becomes or is declared unconditional, following which the option(s) shall lapse.

(p) Rights on winding up

In the event a notice is given by our Company to our members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all Grantees and thereupon, each Grantee shall be entitled to exercise all or part of his/her option (to the extent not already exercised, irrespective of whether the option has become exercisable or not) at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in

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respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

If the option is not exercised within the time specified, the option shall lapse.

(q) Rights on compromise or arrangement between our Company and its members or creditors

If a compromise or arrangement between our Company and our members or creditors is proposed for the purposes of the amalgamation of our Company with any other company or companies (including a takeover by way of a scheme of arrangement), our Company shall give notice to the Grantees on the same date as it despatches the notice to each member or creditor of our Company summoning the meeting to consider such a compromise, arrangement or scheme, and thereupon the options shall vest or otherwise becomes immediately exercisable and the Grantees may until the expiry of the period commencing on such date and ending with the earlier of the date two calendar months thereafter or the date on which such compromise, arrangement or scheme is sanctioned by the court (but in any case no later than the expiration of the term of such option as set forth in the option agreement), exercise the options (to the extent already vested but not already exercised) but in each case conditional upon such compromise, arrangement or scheme being sanctioned by the court and becoming effective, and upon such compromise, arrangement or scheme becoming effective, all options shall lapse except insofar as previously exercised under the Share Option Scheme. Our Company may require the Grantee to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the Grantee in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise, arrangement or scheme.

If the option is not exercised within the time specified, the option shall lapse.

(r) Reorganisation of Capital Structure

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend scheme), rights issue, consolidation, subdivision, reduction or similar reorganisation of the share capital of our Company, such corresponding adjustment (if any) shall be made to:

- (i) the number or nominal amount of Shares subject to the option so far as unexercised;
- (ii) the exercise price;
- (iii) the method of exercise of the option; and/or
- (iv) the maximum number of Shares under the Scheme Mandate Limit and/or the Service Provider Sublimit,

as the auditors or an independent financial adviser shall certify in writing to our Board either generally or as regard to any particular Grantee to be in their opinion fair and reasonable (except in the case of a capitalisation issue where no such certification shall be required), provided that:

- (i) any such adjustment shall be made on the basis that the aggregate exercise price payable by a Grantee on the full exercise of any option shall remain the same, or as nearly the same as possible as (but shall not be greater than) it was before such event;

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- (ii) no such adjustment shall be made if the effect of which would be to enable a Share to be issued at less than its nominal value;
- (iii) no such adjustment shall be made if the effect of which would be to increase the proportion of the issued share capital of our Company for which any Grantee is entitled to subscribe pursuant to the options held by such Grantee; and
- (iv) any such adjustment shall be made in compliance with the GEM Listing Rules and such other guideline or supplementary guidance as may be issued by the Stock Exchange from time to time.

For the avoidance of doubt only, the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment.

(s) *Cancellation of options*

Subject to the provisions in the Share Option Scheme and the GEM Listing Rules, any option granted but not exercised may be cancelled by our Company with the approval of the relevant Grantee.

Where our Company cancels any option granted to a Grantee but not exercised and issues new option(s) to the same Grantee, the grant of such new option(s) may only be made under the Share Option Scheme with available mandate. Within the limits set out at paragraphs (c) and (d) above, the cancelled options shall not be added back to replenish the Scheme Mandate Limit.

(t) *Termination of the Share Option Scheme*

Our Company by resolution in general meeting or our Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered after the Share Option Scheme is terminated but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. All options granted prior to such termination and not then exercised or in respect of which Shares are not then issued shall remain valid.

(u) *Personal right to the grantee*

An option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option, or enter into any agreement so to do.

To the extent permissible by applicable laws and regulations (including the GEM Listing Rules) and subject to the grant of waiver and the imposition of any conditions on the transfer by the Stock Exchange, a Grantee may transfer his/her option to a vehicle (such as a trust or to a wholly owned company) for the sole benefit of such Grantee and/or any family members of the Grantee and at the absolute discretion of the Grantee, provided that the option so assigned would continue to meet the purpose of the Share Option Scheme and will be reassigned back to the Grantee once the assignee ceased to be holding such option on the aforesaid basis.

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(v) Lapse of option

An option (or any part thereof as our Board may determine) shall lapse and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the Grantee ceasing to be an Eligible Participant;
- (ii) the expiry of the Option Period;
- (iii) the expiry of any of the relevant periods referred to in paragraphs above; and
- (iv) the date on which the Board certifies that for the reason of a breach of paragraph (u).

(w) Others

- (i) The Share Option Scheme shall take effect subject to and conditional upon:
 - (A) the passing of the resolutions by our Shareholders to approve and adopt the Share Option Scheme and to authorise our Board to grant options pursuant to this Scheme and to allot and issue Shares pursuant to the exercise of any options (including the passing of a separate resolution by our Shareholders approving the grant of options under the Share Option Scheme to the Eligible Service Provider Participants and the Service Provider Sublimit);
 - (B) the Stock Exchange granting approval for the [REDACTED] of, and [REDACTED], the Shares which may fall to be issued upon the exercise of subscription rights attaching to the Options to be granted under the Share Option Scheme; and
 - (C) commencement of [REDACTED] of the Shares on the GEM of the Stock Exchange.
- (ii) The Share Option Scheme may be altered in any respect by resolution of our Board except that the provisions of the Share Option Scheme relating to matters set out in Rule 23.03 of the GEM Listing Rules shall not be altered to the advantage of Grantees or proposed Grantees except with the prior sanction of a resolution of our Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of our Shareholders under the Articles of Association for a variation of the rights attached to the Shares.
- (iii) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted, shall be approved by our Shareholders except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iv) Any change to the terms of the options granted to a Participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the options was approved by the Board, the Remuneration Committee, the independent non-executive Director and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the Share Option Scheme.

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- (v) The amended terms of the Share Option Scheme must comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.
- (vi) Any change to the authority of our Board to alter the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

2. Present status of the Share Option Scheme

Application has been made to the Stock Exchange for the [REDACTED] of, and [REDACTED] in, the Shares to be issued within the Scheme Mandate Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme. As at the date of this document, no option has been granted or agreed to be granted under the Share Option Scheme.

Our Company will disclose in the annual and interim reports details of the Share Option Scheme including the number of options granted/exercised/cancelled/lapsed, date of grant, vesting period, exercise period and exercise price during the relevant financial year/period in accordance with the GEM Listing Rules in force from time to time.

E. OTHER INFORMATION

1. Tax and Other Indemnities

Each of our Controlling Shareholders (collectively, the “**Indemnifiers**”) has, under the Deed of Indemnity as referred to in the paragraph headed “B. Further information about our business — 1. Material contracts” above in this appendix, given joint and several indemnities to our Company for itself and as trustee for each of our present subsidiaries in connection with, among other things:

- (a) any taxation which might be payable by any member of our Group (i) in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the date on which [REDACTED] becomes unconditional; or (ii) in respect of or in consequence of any act, omission, transaction, matter, thing or event occurring or deemed to occur on or before the date on which the [REDACTED] becomes unconditional, but the Indemnifiers will, however, not be liable under the Deed of Indemnity for taxation to the extent that, among others:
 - (i) specific provision, reserve or allowance has been made for such taxation liability or taxation claim in the audited consolidated financial statements of any member of our Group for the Track Record Period; or
 - (ii) the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the [REDACTED] becomes unconditional; or
 - (iii) the taxation liability arises in the ordinary course of business of our Group after 1 April 2026 up to and including the date on which the [REDACTED] becomes unconditional.
- (b) any penalty, claims, actions, demands, proceedings, actions, judgments, losses, liabilities, damages, costs, administrative or other charges, fees, expenses and fines of whatever nature (which shall include legal fees and costs) which may be imposed on, suffered or incurred by any member of our Group as a result of or in connection with (i) any litigation, arbitrations,

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claims (including counter-claims), complaints, demands and/or legal proceedings (whether criminal, administrative, contractual, tortious or otherwise), instituted by or against any member of our Group in relation to any act, non-performance, omission, events or otherwise occurred on or before the date on which the [REDACTED] becomes unconditional; (ii) the implementation of the Reorganisation undergone by our Group in preparation for the [REDACTED] and/or disposal or acquisition of the equity interest in any member of our Group since the date of incorporation of each member of our Group and up to the date on which the [REDACTED] becomes unconditional; and (iii) any non-compliance with the applicable laws, rules or regulations by any member of our Group on or before the date on which the [REDACTED] becomes unconditional except that provision, reserve or allowance has been made for such liabilities in the audited consolidated financial statements of our Company or any other member of our Group for the Track Record Period (if any).

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands is likely to fall on our Group.

2. Litigation

Save as disclosed in the section headed “Business — Litigations and claims” in this document, as at the Latest Practicable Date, neither our Company nor any of our subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our executive Directors to be pending or threatened by or against our Company or any of our subsidiaries, that would have a material adverse effect on our Group’s operations or financial condition of our Group.

3. Sponsor’s fees

The Sole Sponsor has made an application on behalf of our Company to the [REDACTED] for the [REDACTED] of, and [REDACTED] in, the Shares in issue and to be issued as mentioned herein (including any Shares falling to be issued pursuant to the exercise of the [REDACTED] and any options to be granted under the Share Option Scheme).

The Sole Sponsor has confirmed to the Stock Exchange that it satisfies the independence test as stipulated under Rule 6A.07 of the GEM Listing Rules.

We agreed to pay HK\$[REDACTED] to the Sole Sponsor for purposes of services provided by the Sole Sponsor in the capacity of sponsor.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company were approximately HK\$44,000 and were paid by our Company.

5. Promoter

Our Company has no promoter for the purpose of the GEM Listing Rules.

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6. Qualifications of experts

The qualifications of the experts (as defined under the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in, or referred to in, this document (the “**Experts**”) are set out below:

Name	Qualifications
Patrons Capital Limited	Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
HLB Hodgson Impey Cheng Limited .	Certified Public Accountants Registered Public Interest Entity Auditor
Beijing Dacheng Law Offices, LLP (Shenzhen)	Legal advisers to our Company as to PRC laws
SGLA (Qingyuan) Law Firm (Shanghai Office)* (上海中聯(清遠)律師事務所)	Legal advisers to our Company as to PRC laws in respect of construction-related matters
Harney Westwood & Riegels	Legal advisers to our Company as to the laws of the Cayman Islands
Frost & Sullivan (Beijing) Inc. Shanghai Branch Co.	Industry consultant

7. Consents of experts

Each of the experts named in the paragraph headed “E. Other information — 6. Qualifications of experts” above in this appendix has given and has not withdrawn their respective consent to the issue of this document with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

8. Binding effect

This document shall have the effect, if an application is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

9. Bilingual document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

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10. No material adverse change

Save for the expenses expected to be incurred in connection with the [REDACTED], our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Company or its subsidiaries since 31 March 2026 (being the date to which the latest audited financial statements of our Group were made up), and there is no event since 31 March 2026 which would materially affect the information shown in our consolidated financial information included in the Accountants’ Report set forth in Appendix I to this document.

11. Registration procedures

The principal register of members of our Company in the Cayman Islands will be maintained by the [REDACTED] and a branch register of members of our Company will be maintained by the [REDACTED]. Save where our Directors agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company’s [REDACTED] in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

12. Taxation of holders of Shares

(a) Hong Kong

[REDACTED] in Shares registered on our Company’s [REDACTED] will be subject to Hong Kong stamp duty. Profits from [REDACTED] in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

No stamp duty is payable in the Cayman Islands on transfer of shares of Cayman Islands exempted companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of our Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or [REDACTED] in our Shares. It is emphasised that none of our Company, our Directors or other parties involved in the [REDACTED] accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or [REDACTED] in Shares.

13. Miscellaneous

- (a) Save as otherwise disclosed in the section headed “History, Reorganisation and Corporate Structure” to this document, within the two years immediately preceding the date of this document:
 - (i) no share or loan capital of any member of our Group has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

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- (ii) no share or loan capital of any member of our Group is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no founders or management or deferred shares of any member of our Group have been issued or agreed to be issued;
 - (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of any member of our Group; and
 - (v) no commission has been paid or is payable to any person for subscribing, agreeing to subscribe, or procuring or agreeing to procure subscription, for any shares in or debentures of any member of our Group.
- (b) Our Group had not issued any debentures nor did it have any outstanding debentures nor any convertible debt securities.
- (c) Our Directors confirm that:
 - (i) save for the expenses expected to be incurred in connection with the [REDACTED], there has been no material adverse change in the financial or trading position or prospects of our Group since 31 March 2026 (being the end date of the periods reported on in the Accountants’ Report included in Appendix I) up to the date of this document;
 - (ii) there is no arrangement under which future dividends are waived or agreed to be waived; and
 - (iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 24 months preceding the date of this document.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of the material contracts referred to in “Statutory and general information — B. Further information about our business — 1. Material contracts” in Appendix IV to this document; and
- (b) the written consents referred to in “Statutory and general information — E. Other information — 7. Consents of experts” in Appendix IV to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at www.yueyuanjs.com during a period of 14 days from the date of this document:

- (a) the Memorandum of Association and the Articles of Association;
- (b) the Accountants’ Report of our Group from HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix I to this document;
- (c) the report in respect of the unaudited [REDACTED] financial information of our Group from HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix II to this document;
- (d) the audited consolidated financial statements of our Company for the Track Record Period;
- (e) the legal opinions issued by Beijing Dacheng Law Offices, LLP (Shenzhen), the legal advisers to our Company as to PRC law, in respect of certain aspects of our Group and the property interests of our Group in the PRC;
- (f) the letter of advice prepared by Harney Westwood & Riegels, the legal advisers of our Company as to Cayman Islands law, summarising certain aspects of Cayman Islands company law referred to in Appendix III to this document;
- (g) the industry report issued by Frost & Sullivan, the summary of which is set out in the section headed “Industry Overview” in this document;
- (h) the material contracts referred to in “Statutory and general information — B. Further information about our business — 1. Material contracts” in Appendix IV to this document;
- (i) the service contracts with each of our Directors referred to in “Statutory and general information — C. Further information about our Directors and substantial shareholders — 2. Directors’ service contracts” in Appendix IV to this document;
- (j) the written consents referred to in “Statutory and general information — E. Other information — 7. Consents of experts” in Appendix IV to this document;
- (k) the rules of the Share Option Scheme; and
- (l) the Companies Act.