



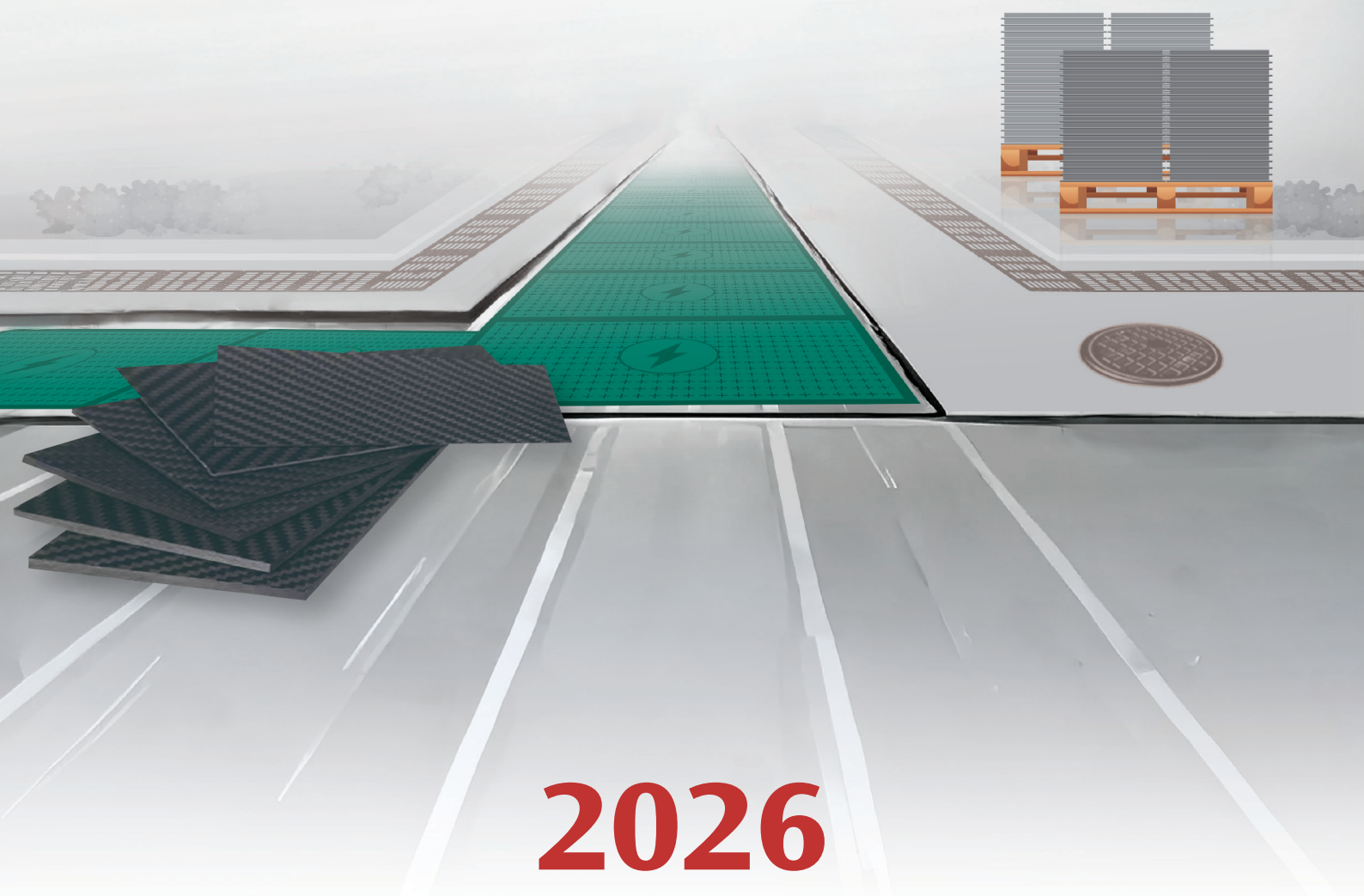
BAOGAI

**SHANDONG BAOGAI NEW MATERIALS
TECHNOLOGY CO., LTD.**

山東寶蓋新材料科技股份有限公司

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

Stock Code : 8090



2026
INTERIM REPORT

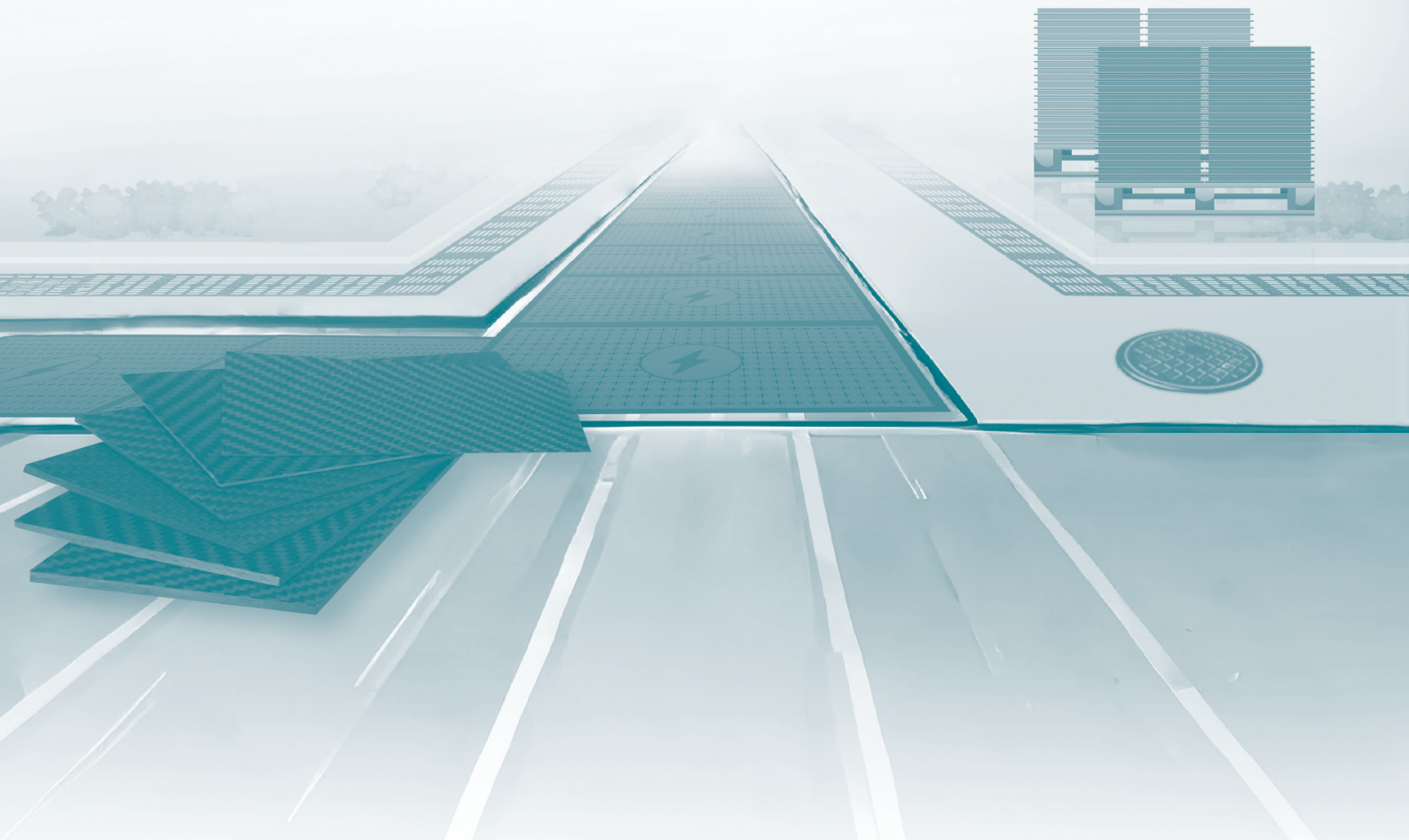
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*This report, for which the directors (the “**Directors**”) of Shandong Baogai New Materials Technology Co., Ltd. (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



CORPORATE INFORMATION

Directors

Executive Directors

Mr. Liu Zhentao (劉振韜)
Ms. Li Xiaoyan (李曉燕)
Mr. Li Dong (李東)
Ms. Sun Ailing (孫愛玲)
Ms. Fan Hongyan (範洪燕)

Independent Non-executive Directors

Mr. Leung Ka Wai (梁嘉偉)
Mr. Wu Yingpeng (吳英鵬)
Mr. Ji Hongwei (籍洪偉)

Audit Committee

Mr. Leung Ka Wai (梁嘉偉) (*Chairman*)
Mr. Wu Yingpeng (吳英鵬)
Mr. Ji Hongwei (籍洪偉)

Remuneration Committee

Mr. Wu Yingpeng (吳英鵬) (*Chairman*)
Ms. Li Xiaoyan (李曉燕)
Mr. Ji Hongwei (籍洪偉)

Nomination Committee

Mr. Liu Zhentao (劉振韜) (*Chairman*)
Ms. Li Xiaoyan (李曉燕)
Mr. Wu Yingpeng (吳英鵬)
Mr. Leung Ka Wai (梁嘉偉)
Mr. Ji Hongwei (籍洪偉)

Supervisors

Ms. Fan Wenjing (範文婧)
Mr. Yang Dawei (楊大偉)
Mr. Zhang Jicheng (張吉成)

Joint Company Secretaries

Mr. Li Dong (李東)
Mr. Yang Lei (楊雷)

Authorised Representatives

Mr. Li Dong (李東)
Mr. Yang Lei (楊雷)

Registered Office and Headquarters in the PRC

New Material Zone, 9 He Zhuang Zibo Economic
Development Zone
Shandong Province, PRC

Principal Place of Business in Hong Kong

Rooms 901–905
9/F, Wing On Centre
111 Connaught Road Central
Hong Kong

Stock Code

8090

Auditor

KPMG

Certified Public Accountants
Public Interest Entity Auditor registered in
accordance with the Accounting and Financial
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10 Chater Road, Central
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Legal Advisors

As to PRC law

Beijing Yingke Law Firm

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CP Center
20 Jinhe East Road
Chaoyang District
Beijing, PRC

As to Hong Kong law

Patrick Mak & Tse

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111 Connaught Road Central
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Compliance Advisor

Zhongtai International Capital Limited

19/F
Li Po Chun Chambers
189 Des Voeux Road Central
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H Share Registrar

Computershare Hong Kong Investor Services Limited

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

Company's Website

www.baogai.net

Principal Banks

Bank of China

China Merchants Bank Co., Ltd



FINANCIAL HIGHLIGHTS

1. During the Reporting Period, the Group's total revenue was approximately RMB39.69 million, representing a decrease of approximately 14.15% as compared to approximately RMB46.23 million in the corresponding period in 2025;
2. During the Reporting Period, the Group's gross profit was approximately RMB12.64 million, representing a decrease of approximately 19.75% as compared to RMB15.75 million in the corresponding period in 2025;
3. During the Reporting Period, the Group's net profit attributable to shareholders of the listed company was approximately RMB1.75 million, representing a decrease of approximately 65.89% as compared to RMB5.13 million in the corresponding period in 2025; and
4. The Board did not recommend the declaration of an interim dividend for the six months ended 30 June 2026.

The board (the “**Board**”) of Directors (the “**Director(s)**”) of Shandong Baogai New Materials Technology Co., Ltd. (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2026 (the “**Reporting Period**”) together with the comparative figures for the same period last year (the “**Corresponding Period**”) as follows:



Introduction

We have reviewed the interim financial report set out on pages 6 to 26 which comprises the consolidated statement of financial position of Shandong Baogai New Materials Technology Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) as of 30 June 2026 and the related consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended, and explanatory notes. The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial report in accordance with International Accounting Standard 34, *Interim financial reporting*.

Our responsibility is to express a conclusion, based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of 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* as issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2026 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
25 August 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026 – unaudited
(Expressed in Renminbi ("RMB"))

	Note	Six months ended 30 June	
		2026 RMB'000	2025 RMB'000
Revenue	3	39,692	46,228
Cost of sales		(27,055)	(30,479)
Gross profit		12,637	15,749
Other gains and losses	4	394	363
Selling expenses		(3,645)	(3,518)
General and administrative expenses		(6,091)	(4,962)
Research and development costs	5(c)	(2,578)	(1,958)
Reversal of/(provision for) impairment losses on financial assets and contact assets		1,075	(216)
Profit from operations		1,792	5,458
Finance income	5(a)	24	108
Finance costs	5(a)	(62)	(84)
Profit before taxation	5	1,754	5,482
Income tax	6	(9)	(355)
Profit for the period attributable to equity shareholders of the Company		1,745	5,127
Total comprehensive income for the period attributable to equity shareholders of the Company		1,745	5,127
Earnings per share	7	0.04	0.12
Basic and diluted (RMB)			

The accompanying notes form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026 – unaudited
(Expressed in RMB)

	Note	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Non-current assets			
Property, plant and equipment	8	51,723	53,493
Right-of-use assets		16,268	16,901
Deferred tax assets		1,349	1,284
Other non-current assets		1,072	41
		70,412	71,719
Current assets			
Inventories	9	15,084	13,440
Contract assets	10	953	898
Trade and bills receivables	11	42,851	56,082
Prepayments, deposits and other receivables	12	14,864	8,912
Financial assets measured at fair value through profit or loss ("FVPL")	13	6,000	–
Cash and cash equivalents	14	20,627	33,124
		100,379	112,456
Current liabilities			
Trade payables	15	6,449	9,029
Other borrowings	16	1,849	130
Accrued expenses and other payables	17	9,970	9,936
Contract liabilities	18	5,840	4,762
Lease liabilities	19	972	927
Current taxation		81	1,983
		25,161	26,767
Net current assets		75,218	85,689
Total assets less current liabilities		145,630	157,408

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026 – unaudited
(Expressed in RMB)

	Note	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Non-current liabilities			
Lease liabilities	19	469	972
		469	972
NET ASSETS		145,161	156,436
CAPITAL AND RESERVES			
Share capital	20(a)	43,400	43,400
Reserves	20(b)	101,761	113,036
TOTAL EQUITY		145,161	156,436

The accompanying notes form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026 – unaudited
(Expressed in RMB)

	Note	Share capital RMB'000 (Note 20(a))	Capital reserve RMB'000 (Note 20(b)(i))	Statutory reserves RMB'000 (Note 20(b)(ii))	Retained earnings RMB'000	Total Total RMB'000
Balance at 1 January 2026		43,400	2,387	9,219	101,430	156,436
Changes in equity for the six months ended 2026:						
Profit and total comprehensive income for the period		-	-	-	1,745	1,745
Dividend declared	20(c)	-	-	-	(13,020)	(13,020)
Balance at 30 June 2026		43,400	2,387	9,219	90,155	145,161

	Note	Share capital RMB'000 (Note 20(a))	Capital reserve RMB'000 (Note 20(b)(i))	Statutory reserves RMB'000 (Note 20(b)(ii))	Retained earnings RMB'000	Total Total RMB'000
Balance at 1 January 2025		43,400	2,387	7,321	92,294	145,402
Changes in equity for the six months ended 2025:						
Profit and total comprehensive income for the period		-	-	-	5,127	5,127
Dividend declared	20(c)	-	-	-	(13,020)	(13,020)
Balance at 30 June 2025		43,400	2,387	7,321	84,401	137,509

The accompanying notes form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2026 – unaudited
(Expressed in RMB)

	Note	Six months ended 30 June	
		2026 RMB'000	2025 RMB'000
Operating activities			
Cash generated from operations		12,376	9,065
Income tax paid		(1,976)	(2,739)
Net cash generated from operating activities		10,400	6,326
Investing activities			
Payment for the purchase of property, plant and equipment, right-of-use assets, intangible assets and other non-current assets		(3,210)	(1,592)
Proceeds from disposal of property, plant and equipment and intangible assets		195	–
Investment income from financial assets measured at FVPL		110	86
Redemption of principal of financial assets measured at FVPL		90,400	41,000
Payment for purchase of financial assets measured at FVPL		(96,400)	(51,000)
Net cash used in investing activities		(8,905)	(11,506)
Financing activities			
Proceeds from bank and other borrowings		4,839	6,157
Repayments of bank and other borrowings		(3,130)	–
Interest expenses paid		(27)	(11)
Capital element of lease rentals paid		(458)	(437)
Interest element of lease rentals paid		(34)	(56)
Dividends paid	20(c)	(13,020)	(13,020)
Payments of listing expense		(2,119)	–
Others		(43)	(43)
Net cash used in financing activities		(13,992)	(7,410)
Net decrease in cash and cash equivalents		(12,497)	(12,590)
Cash and cash equivalents at 1 January	14	33,124	36,556
Cash and cash equivalents at 30 June	14	20,627	23,966

The accompanying notes form part of this interim financial report.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 Basis of preparation

Shandong Baogai New Materials Technology Co., Ltd. (the “**Company**”) was incorporated in the People’s Republic of China (the “**PRC**”) on 22 January 2009, as a limited liability company under the Companies Law of the PRC and converted into a joint stock company with limited liability on 30 May 2019. Its shares have been quoted on the National Equities Exchange and Quotations (the “**NEEQ**”) since September 2024 (Stock Code: 874551). On 8 July 2026, the Company was listed on the GEM of The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries (together, the “**Group**”) are principally specialised in advanced trench covers for engineering and infrastructure applications.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“**IAS**”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“**IASB**”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated interim financial statements and the accompanying notes do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards issued by the IASB.

The interim financial report is unaudited, but has been reviewed by KPMG 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. KPMG’s independent review report to the Board of Directors is included on page 5.

2 Changes in accounting policies

The Group has applied the amendments to IFRS 9, *Financial instruments*, and IFRS 7, *Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*, issued by IASB to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report.

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

3 Revenue and segment reporting

The principal activities of the Group are engaged in the R&D, manufacturing and sales of high-performance glass fiber-reinforced polymer trench covers, including cable trench covers, drainage covers, and manhole covers.

(a) Disaggregation of revenue

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

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Revenue from contracts with customers within the scope of IFRS 15 and recognised at a point in time		
– Cable trench covers	27,252	33,222
– Drainage trench covers	5,921	6,478
– Manhole trench covers	2,373	4,318
– Others	4,146	2,210
Total revenue from contracts with customers	39,692	46,228

During the six months ended 30 June 2026 and 2025, the Group has no customers with whom transactions have exceeded 10% of the total revenue of the Group in the respective periods.

The Group takes advantage of the practical expedient in paragraph 121 of IFRS 15 and does not disclose the remaining performance obligation as all of the Group's sales contracts have an original expected duration of less than one year.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3 Revenue and segment reporting (continued)

(b) Segment reporting

Management views the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the management of the Company are of the view that there is only one segment which is used to make strategic decisions.

Geographic information

The geographical location of customers is based on the location at which the customers operate. The Group's revenue from external customers analysed by location of customers is detailed as below:

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Chinese Mainland (place of domicile)	39,134	46,171
Overseas	558	57
	39,692	46,228

The Group's specified non-current assets, including property, plant and equipment, intangible assets, right-of-use assets and other non-current assets, analysed by the physical location of the asset are in Chinese Mainland during the six months ended 30 June 2026 and 2025.

4 Other gains and losses

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Government grants (Note (i))	113	115
Gains on financial assets measured at FVPL	110	103
Net gains/(losses) from disposal or scrap of property, plant and equipment	112	(4)
Foreign exchange gains, net	1	—
Others	58	149
	394	363

Note:

(i) The government grants represent subsidies from various PRC authorities.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

5 Profit before taxation

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

(a) Finance income and finance costs

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Finance income		
Interest income from bank deposits	(24)	(108)
Finance costs		
Interest on lease liabilities	34	56
Interest on bank and other borrowings	28	28
	62	84
Net finance expense/(income)	38	(24)

(b) Staff costs

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Salaries, wages, bonuses and other benefits	10,358	10,640
Contributions to defined contribution retirement plans (Note (i))	1,679	1,389
	12,037	12,029

Notes:

- (i) The employees of the Company and the subsidiaries of the Group established in the PRC participate in defined contribution retirement benefit schemes managed by the local government authorities, whereby these companies are required to contribute to the schemes during the six months ended 30 June 2026 and 2025. Employees of these companies are entitled to retirement benefits, calculated based on certain percentages of the average employee salary as agreed by the respective local municipal governments to the scheme to fund the retirement benefits of the employees, from the above-mentioned retirement schemes at their normal retirement age.
- (ii) The Group has no further obligation for payment of other retirement benefits beyond the contributions mentioned in (i) above.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

5 Profit before taxation (continued)

(c) Other items

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Amortisation of intangible assets	–	12
Depreciation of		
– property, plant and equipment	3,074	2,874
– right-of-use assets	633	633
Cost of inventories	27,055	30,479
Auditors' remuneration	547	189
Research and development costs	2,578	1,958

6 Income tax in the consolidated statements of profit or loss and other comprehensive income

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Current tax – The PRC Corporate Income Tax		
Provision for the period	74	504
Deferred tax		
Origination and reversal of temporary differences	(65)	(149)
	9	355

7 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB1,745,000 (six months ended 30 June 2025: RMB5,127,000) and the weighted average of 43,400,000 shares (2025: 43,400,000) in issue during the interim period.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding during the interim period. Hence, the diluted earnings per share is the same as basic earnings per share.

8 Property, plant and equipment

Acquisitions and disposals of owned assets

During the six months ended 30 June 2026, the Group acquired items of property, plant and equipment with a cost of RMB1,362,000 (six months ended 30 June 2025: RMB811,000). Items of property, plant and equipment with a net book value of RMB59,000 were disposed of during the six months ended 30 June 2026 (six months ended 30 June 2025: RMB4,000), resulting in a gain/(loss) on disposal of RMB112,000 (six months ended 30 June 2025: RMB(4,000)).

9 Inventories

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Inventories		
Raw materials	4,213	4,114
Work in progress	424	163
Finished goods	12,095	10,087
Goods in transit	317	593
	17,049	14,957
Less: write-down of inventories	(1,965)	(1,517)
	15,084	13,440

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

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Carrying amount of inventories sold	26,526	87,971
Write-down of inventories	529	853
	27,055	88,824

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10 Contract assets

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Contract assets	1,013	961
Less: allowance for doubtful debts	(60)	(63)
	953	898

11 Trade and bills receivables

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Bills receivables	3,330	6,295
Trade receivables		
– Third parties	45,562	56,829
	48,892	63,124
Less: allowance for doubtful debts	(6,041)	(7,042)
	42,851	56,082

Aging analysis

The ageing analysis of trade and bills receivables, based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Within 1 year	21,079	32,325
1 to 2 years	16,472	19,305
2 to 3 years	5,300	4,452
	42,851	56,082

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

12 Prepayments, deposits and other receivables

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Deposits	1,427	1,286
Advances to suppliers	233	413
Prepayments in connection with the proposed initial public offering of the Company's H shares	13,198	7,081
Others	6	132
	14,864	8,912

13 Financial assets measured at FVPL

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Wealth management products	6,000	—

The wealth management products were issued by banks with variable investment income and can be redeemed on demand or in a short-term.

14 Cash and cash equivalents

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Cash at bank	20,627	33,124

15 Trade payables

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Trade payables	6,449	9,029

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

15 Trade payables (continued)

All trade payables are expected to be settled within one year or are repayable on demand.

An ageing analysis of the trade and bills payables as at the end of each reporting period, based on the invoice date, is as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Within 1 year	6,400	8,985
Over 1 year	49	44
	6,449	9,029

16 Other borrowings

(a) The analysis of the repayment schedule of borrowings is as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Other borrowings		
– Secured and unguaranteed (Note (i))	1,849	130
	1,849	130

The Group's other borrowings are repayable as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Within 1 year	1,849	130

Note:

(i) These borrowings were secured by the discounted acceptance bills of the Group.

All of the above other borrowings are carried at amortised cost.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

17 Accrued expenses and other payables

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Accrued payroll and benefits	2,448	4,324
Other tax payables	1,746	1,316
Others	5,776	4,296
	9,970	9,936

All of accrued expenses and other payables are expected to be settled within one year or are repayable on demand.

18 Contract liabilities

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Advance from customers	5,840	4,762

As at 30 June 2026 and 31 December 2025, all of contract liabilities is expected to be recognised as revenue within one year.

19 Lease liabilities

As at the end of each reporting period, the lease liabilities were repayable as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Within 1 year	972	927
After 1 year but within 2 years	469	972
	1,441	1,899

20 Capital, reserves and dividends

(a) Share capital

	No. of shares '000	Amount RMB'000
Ordinary shares, issued and fully paid: At 1 January 2025, 31 December 2025 and 30 June 2026	43,400	43,400

(b) Nature and purpose of reserves

(i) Capital reserve

The capital reserve mainly comprises the following:

- the net proceeds received in excess of the total amount of the par value of shares issued; and
- difference between the consideration paid for acquisition of non-controlling interests and the share of net assets of subsidiaries acquired.

(ii) Statutory reserve

Pursuant to the Company's Articles of Association, the Company is required to transfer 10% of net profit (after offsetting prior year losses) at determined in accordance with the accounting rules and regulations of the PRC to the statutory reserve until such reserve reaches 50% of the registered capital of the Company. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the Company and is non-distributable other than in liquidation.

(c) Dividends

(i) Dividends payable to equity shareholders attributable to the interim period

The Board of Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

The interim dividend has not been recognised as a liability at the end of the reporting period.

20 Capital, reserves and dividends (continued)

(c) Dividends (continued)

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of RMB0.3 cents per share (six months ended 30 June 2025: RMB0.3 cents per share)	13,020	13,020

21 Fair value measurement of financial instruments

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

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

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

	Fair value measurements At 30 June 2026 categorized into			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets: Financial assets measured at FVPL	–	–	6,000	6,000

21 Fair value measurement of financial instruments (continued)

(a) Financial assets and liabilities measured at fair value (continued)

(i) Fair value hierarchy (continued)

The Group did not have any financial assets measured at fair value as at 31 December 2025.

The Group did not have any financial liabilities measured at fair value as at 30 June 2026 and 31 December 2025.

During the six months ended 30 June 2026, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2025: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Financial assets measured at FVPL – Wealth management products (i)	Discounted cash flow approach	Estimated yield rates

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

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at the end of each reporting period.

22 Material related party transactions

(a) Key management personnel remuneration

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Salaries and other emoluments	1,159	966
Discretionary bonuses	107	313
Retirement scheme contributions	123	123
	1,389	1,402

23 Immediate and ultimate controlling company

At 30 June 2026 and 31 December 2025, the directors consider the immediate and ultimate controlling party of the Company to be Mr. Liu Zhentao.

24 Subsequent events

On 8 July 2026, the H shares of the Company were listed on GEM of the Stock Exchange of Hong Kong Limited, where 14,470,000 H shares with a par value of RMB1.0 each were issued at a price of HK\$6.22 each. The proceeds, net of share issuance expenses, have been credited to the Company's share capital and share premium account accordingly.

25 Possible impact of amendments, new standards, and interpretations issued but not yet effective for the six months ended 30 June 2026

A number of amendments and new standards are not yet mandatory for annual periods beginning 1 January 2026. Earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report.

The following updates the information provided in the last annual financial statements about the possible impacts of IFRS 18 which may have a significant impact on the Group's consolidated financial statements when adopted.

IFRS 18, *Presentation and disclosure in financial statements*

IFRS 18 will replace IAS 1, *Presentation of financial statements*, and is first effective for annual reporting periods beginning on or after 1 January 2027.

IFRS 18 introduces new requirements for presentation and disclosure in financial statements, including new categories and defined subtotals in the statement of profit or loss, enhanced requirements for aggregation and disaggregation of information, and specific disclosures about management-defined performance measures. The group is assessing the expected impact that the initial application of IFRS 18 will have on its consolidated financial statements.

The Group expects that the adoption of IFRS 18 will not change the Group's net assets or net profit. However, it is expected to affect the presentation of the Group's consolidated statement of profit or loss and related note disclosures. Based on the work performed to date, the Group's assessment on the expected impact of the initial application of IFRS 18 is summarised below. The assessment remains subject to change as the Group continues its implementation work.

25 Possible impact of amendments, new standards, and interpretations issued but not yet effective for the six months ended 30 June 2026 (continued)

IFRS 18, *Presentation and disclosure in financial statements* (continued)

(a) Structure of the statement of profit or loss

IFRS 18 requires entities to classify income and expenses into specified categories in the statement of profit or loss, including operating, investing, and financing categories. It also requires entities to present two newly defined subtotals, which are “operating profit” and “profit or loss before financing and income taxes”. The operating profit subtotal is expected to differ from the current profit from operations subtotal presented by the Group. Based on the work performed to date, the Group also expects the following changes to the consolidated statement of profit or loss:

- Classification of income and expenses depends on the Group’s main business activities;
- Dividend, interest income, and net gains on trading securities, which are currently presented in the Group’s other income subtotal, as well as the share of profits less losses of associates and joint venture are expected to be classified in the investing category. The income and expenses classified in the investing category, together with the subtotal “operating profit”, will form the new subtotal “profit or loss before financing and income taxes”;
- The Group is assessing the classification of income and expenses as currently included in the finance cost line item and expects that this line item will be disaggregated into “income and expenses on liabilities arising solely from raising of finance” and “interest expenses on other liabilities” in the financing category;
- The Group is required to assess the classification of foreign exchange differences in the same category as the income and expenses from the items that gave rise to the differences, unless doing so would involve undue cost or effort; and
- The Group currently presents operating expenses by function. The Group is assessing whether its current presentation, or a mixed presentation by nature and function, will provide the most useful structured summary of its operating expenses under IFRS 18. If the Group continues to present one or more operating expense line item by function, information about five specific expenses by nature will be provided in a single note to the financial statements.

(b) Management-defined performance measures (“MPM”)

MPMs are subtotals of income and expenses used in public communications outside the financial statements that communicate management’s view of an aspect of the financial performance of the entity as a whole to users. Based on the Group’s current assessment, “adjusted operating profit”, which excludes net valuation gain/loss on investment property, is identified as a MPM since it is currently being reported by the Group in its management commentary, press releases, and investor presentations. The Group is also developing a process to identify its public communications and assess whether other measures reported in those communications meet the definition of an MPM.

The Group will be required to disclose specific information about MPMs in a single note in the financial statements. The MPMs disclosed by the Group following adoption of IFRS 18 will be determined based on public communications issued by the Group relating to the same reporting period.

25 Possible impact of amendments, new standards, and interpretations issued but not yet effective for the six months ended 30 June 2026 (continued)

IFRS 18, *Presentation and disclosure in financial statements* (continued)

(c) Principles of aggregation and disaggregation

IFRS 18 provides enhanced principles on how to Group information in the financial statements, including the primary financial statements and the notes. It also introduces guidance on labelling and describing items presented in the primary financial statements or disclosed in the notes.

The Group has been consistently applied the principles of aggregating and disaggregating the items on the basis of similar and dissimilar characteristics. The Group is also assessing line items currently labelled as “other” across the primary financial statements and the notes and expects to use more informative labels where material information would otherwise be obscured.

IFRS 18 also introduces consequential amendments to IAS 7, *Statement of cash flows*. The Group is assessing the impact of those amendments, including the requirement to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method and the classification of interest and dividend cash flows.

The actual impact of applying IFRS 18 may change as the Group continues to assess the new requirements and finalises any changes to its reporting processes, controls and accounting policies before the date of initial application.

MANAGEMENT DISCUSSION AND ANALYSIS

Reference is made to the prospectus of the Company dated 29 June 2026 (the “**Prospectus**”). Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Prospectus.

Business Review

The Group is principally engaged in the manufacturing of composite trench covers, specializing in composite trench covers that utilize resin-based composites embedded with glass fibers as reinforcing materials, complemented by additional structural elements such as rebar and cast iron, and functional fillers such as quartz sand and calcium carbonate, for engineering and infrastructure needs.

The Group generates its revenue primarily from sales of (i) cable trench covers; (ii) drainage trench covers; and (iii) manhole trench covers.

Overview

Trench covers serve as protective barriers for ground-level ducts, cable trenches and utility shafts, ensuring safety, load distribution and environmental durability. Driven by infrastructure expansion and material innovation, the market is evolving toward lightweight, corrosion-resistant solutions, with smart covers emerging as a key future trend.

According to the functional application scenarios, trench covers can be divided into cable trench covers, drainage trench covers, manhole covers and others (brooder boards, tree grates, etc.). Cable trench covers are protective panels installed over underground utility trenches, primarily shielding power cables from physical damage, environmental hazards and unauthorized access. They ensure structural integrity under varying loads while enabling safe maintenance access to electrical infrastructure.

Designed for durability, insulation and inspection-friendly characteristics, these covers are critical components in power grids, substations and urban cable management systems. Drainage trench covers are designed with appropriate load-bearing capacity and drainage performance and are typically made of ductile iron, steel grating, composite materials or concrete, depending on the application environment. They are widely used in municipal infrastructure, residential complexes, commercial zones and industrial facilities. Manhole covers are typically made from materials such as cast iron, composite materials, concrete or stainless steel and are designed to meet specific load-bearing and environmental requirements.

Our Products

Founded in 2009, the Group has established itself as a specialized manufacturer in the composite trench cover industry, specializing in composite trench covers that utilize resinbased composites embedded with glass fibers as reinforcing materials, complemented by additional structural elements such as rebar and cast iron, and functional fillers such as quartz sand and calcium carbonate, for engineering and infrastructure needs. The Group is committed to the research and development, manufacture and sale of high-performance composite trench cover products, including cable trench covers, drainage trench covers and manhole covers. In recognition of the Group's market position in the industry, the Group has been recognized by the China Composites Industry Association as ranking first by market share for composite cable trench cover products for four consecutive years since 2020.

Market Landscape and Opportunities

China's composite trench cover industry presents growth potential. According to Frost & Sullivan, the market size of the composite trench cover industry in China grew from RMB1.8 billion in 2021 to RMB2.2 billion in 2025, with a CAGR of 5.4%, and is expected to grow at a CAGR of 6.6% from 2025 to 2030, reaching RMB3.1 billion by 2030. The expected growth momentum of the composite trench cover industry will shift from volume increases to value upgrades, reflected by a continued strengthening of the structural share of high-end products, the emergence of new application scenarios such as new energy, new infrastructure, and low-altitude economy industries. While the industry is transitioning from high-volume to high-value growth, its sustainable competitiveness will be underpinned by enhanced technological barriers and strategic global capacity layouts.

During the first half of 2026, geopolitical tensions in the Middle East and rising petroleum prices led to significant cost increases for traditional key raw materials. Notably, the market prices of unsaturated polyester resin and glass fiber experienced robust fluctuation. To ensure sustainable competitiveness and adapt to the composite industry's shift from high-volume to high-value growth, the Group is strategically expanding into high-performance carbon fiber composites. The Group intends to expand into the carbon fiber composite industry, which represents the high-performance frontier of composite materials. Trench cover that utilizes carbon fiber as a reinforcing material achieves enhanced mechanical properties including higher load-bearing capacity, reduced weight, and improved corrosion resistance compared to traditional glass fiber composite trench covers. Carbon fiber materials are significantly more expensive than glass fiber composite and are typically reserved for higher-value application scenarios such as aerospace, new energy, new infrastructure and low-altitude economy, where their superior performance characteristics, including higher strength-to-weight ratio, greater strength, and superior fatigue resistance, justify the cost.

According to Frost & Sullivan, the market size of the carbon fiber composite industry grew from RMB20.0 billion in 2021 to RMB24.7 billion in 2025, with a CAGR of 5.3%, and is expected to grow at a CAGR of 7.6%, reaching RMB35.5 billion by 2030. The Group's ongoing development initiatives in both resin-based composites embedded with glass fiber and carbon fiber materials technologies position it to capitalize on this evolution. This strategic focus on technological innovation and superior material properties ensures the Group can effectively meet the evolving demands of modern infrastructure and adjacent high-performance markets.

Outlook

Looking forward, the Group aims to further expand its market share and strengthen its market position in the composite trench cover industry in China and expand its market presence worldwide. The Group aims to accomplish this through the following strategies:

Innovation and development of resin-based composite products embedded with carbon fibers as reinforcing materials to expand the Group's product portfolio

Compared with products that utilize resin-based composite embedded with glass fibers as reinforcing materials, products that utilize resin-based composite embedded with carbon fibers as reinforcing materials generally have higher performance requirements and are used in higher value-added application scenarios.

With years of experience in the composite trench cover industry, the Group has built capabilities in production know-how of composite products including material formulation, product design and key production processes such as fiber impregnation with resin and the compression molding process when moving into applications utilizing carbon fibers as reinforcing materials.

Consequently, in 2021, recognizing significant market opportunities and performance benefits from carbon fiber composite products into the Group's products, the Group secured a patent for "A Cable Trench Cover Structure Composed of Carbon Fiber Material." Though the Group has not yet put the patent into commercialisation due to factors such as cost-effectiveness of adopting carbon fiber composites in trench covers production, the Directors believe such patent serves as a strategic foundation for the Group's expansion into the broader carbon fiber composite market.

To align with the composite materials industry's shift toward high-value applications, the Group is strategically expanding its research and development of carbon fiber composites. Resin-based composites embedded with glass fibers as reinforcing materials are renowned for their cost-efficiency and superior corrosion resistance. These characteristics make the Group's composite trench covers the optimal, cost-effective material of choice for general engineering and infrastructure, offering significant advantages in lightweight properties, service life and overall lifecycle cost. In contrast, carbon fiber composites represent a technological advancement, possessing a higher load-bearing capacity and lighter weight than glass fiber composites and are therefore typically preferred in more advanced sectors. It is these distinct performance characteristics of carbon fibers as reinforcing materials that enable applications beyond the scope of traditional glass fibers as reinforcing materials, allowing the Group to strategically expand into more demanding application scenarios such as aerospace, new energy, new infrastructure and the low-altitude economy.

Expanding the Group's operational efficiency

In order to strengthen the Group's market position and address the evolving needs of the Group's downstream customers, the Group plans to enhance the Group's production output through strategic automation transformation and in-depth R&D activities. By investing in advanced equipment and the development of intelligent production lines, the Group will further solidify the Group's reputation for reliability and innovation.

Enhancing R&D capabilities and product innovation to broaden application scenarios

Innovation is the cornerstone of the Group's growth strategy. The Group is committed to leveraging the Group's comprehensive R&D capabilities and product innovation capabilities to develop new materials and expand the application scenarios of the Group's products.

Committed to the Group's globalization strategy and solidifying the Group's nationwide presence

As the Group expands domestically and internationally, it remains dedicated to developing resilient, next-generation composite trench cover products that set new global benchmarks in durability, safety and smart infrastructure integration.

For further details, please refer to the section headed "Business – Our Strategies" in the Prospectus.

Financial Review

Revenue

Revenue amounted to approximately RMB39.69 million for the Reporting Period, representing a decrease of approximately 14.15% as compared to approximately RMB46.23 million for the Corresponding Period, primarily arose from the delay in products delivery due to project delays by certain downstream customers.

The product classification table as follows sets out the revenue by product type:

Product type	Six months ended 30 June 2026 RMB Million	Six months ended 30 June 2025 RMB Million	Change (%)
Cable trench covers	27.25	33.22	-17.97%
Drainage trench covers	5.92	6.48	-8.64%
Manhole trench covers	2.37	4.32	-45.14%
Others ⁽¹⁾	4.15	2.21	87.78%
Total	39.69	46.23	-14.15%

Note:

(1) Others primarily consist of sales of cable trays, molds and cast iron manhole covers, agricultural covers and mold repair and maintenance services.

Cost of sales

Cost of sales amounted to approximately RMB27.06 million for the Reporting Period, representing a decrease of approximately 11.22% as compared to approximately RMB30.48 million for the Corresponding Period, which mainly due to the corresponding decrease in costs resulting from the decline in revenue.

The product classification table as follows sets out a breakdown of cost of sales in accordance with types of products:

Product type	Six months ended 30 June 2026 RMB Million	Six months ended 30 June 2025 RMB Million	Change (%)
Cable trench covers	18.02	22.36	-19.41%
Drainage trench covers	4.30	4.29	0.23%
Manhole trench covers	1.57	2.64	-40.53%
Others ⁽¹⁾	3.17	1.19	166.39%
Total	27.06	30.48	-11.22%

Note:

(1) Others primarily consist of sales of cable trays, molds and cast iron manhole covers, agricultural covers and mold repair and maintenance services.

Gross profit and gross profit margin

During the Reporting Period, the Group's gross profit was approximately RMB12.64 million, representing a decrease of approximately 19.75% from approximately RMB15.75 million for the Corresponding Period.

The decrease in sales revenue contributed to the decline in gross profit. The gross profit margin decreased from 34.07% for the Corresponding Period to 31.84% for the Reporting Period, which was primarily attributable to the upward pressure on raw material costs driven by fluctuations in market prices.

Other income and gains

The Group's other income and gains primarily comprise interest income, government grants, gain on disposal of equipment, and income from wealth management products.

The Group's other income and gains increased from approximately RMB0.36 million for the Corresponding Period to approximately RMB0.39 million for the Reporting Period. The increase was mainly attributable to the gain on disposal of equipment.

Selling and marketing expenses

Selling and marketing expenses amounted to approximately RMB3.65 million for the Reporting Period, representing an increase of approximately 3.69% as compared to approximately RMB3.52 million for the Corresponding Period, due to the higher staff costs driven by the recruitment of additional sales personnel for market expansion.

Administrative expenses

Administrative expenses amounted to approximately RMB6.09 million for the Reporting Period, representing an increase of approximately 22.78% as compared to approximately RMB4.96 million for the Corresponding Period, primarily attributable to an increase in general and administrative expenses mainly attributable to the listing of the Company's H Shares on GEM of the Stock Exchange.

Research and development expenses

Research and development expenses amounted to approximately RMB2.58 million for the Reporting Period, representing an increase of approximately 31.63% as compared to approximately RMB1.96 million for the Corresponding Period. The increase was mainly attributable to the expansion of R&D expenses for the continuous carbon fiber project.

Income tax expense

Income tax expense amounted to approximately RMB0.09 million for the Reporting Period, representing a decrease of approximately 75.00% as compared to approximately RMB0.36 million for the Corresponding Period. Such decrease was primarily in line with the decline in the Group's profit before tax for the same period. Income tax expense for the six months ended 30 June 2026 comprised current and deferred tax.

Reversal of/(Provision for) impairment losses on financial assets and contract assets

The reversal of impairment losses on financial assets and contract assets amounted to approximately RMB1.08 million for the Reporting Period, as compared with a provision of approximately RMB0.22 million for the Corresponding Period, which mainly due to the recovery during the Reporting Period of financial assets and contract assets for which impairment provisions had been made in prior periods.

(Loss)/profit for the period attributable to the equity holders of the Company

As a result of the foregoing, profit for the Reporting Period attributable to equity holders of the Company amounted to approximately RMB1.75 million, compared with profit attributable to equity holders of the Company of approximately RMB5.13 million for the Corresponding Period. The decrease was mainly attributable to the combined effect of revenue compression and the escalation in overall operating costs and expenses as detailed above.

Trade payables and bills payables

The Group's trade and bills payables primarily comprise amounts payable to suppliers for materials and transportation expenses.

As of 30 June 2026, the Group's trade payables and bills payables amounted to approximately RMB6.45 million, representing a decrease of approximately RMB2.58 million from approximately RMB9.03 million as of 31 December 2025, which was primarily due to the decrease in purchases of materials during the year. Such decrease was mainly due to a more conservative procurement strategy under the upward pressure on raw material costs.

Lease liabilities

The Group's lease liabilities decreased from approximately RMB1.90 million as of 31 December 2025 to approximately RMB1.44 million as of 30 June 2026, primarily due to the payment of lease expenses for operating premises and housing.

Contract liabilities

Contract liabilities primarily represent advance payments received by the Group from customers based on sales orders before delivery of products under the contracts.

As of 30 June 2026, the Group's contract liabilities amounted to approximately RMB5.84 million, representing an increase of approximately RMB1.08 million from approximately RMB4.76 million as of 31 December 2025, which was primarily attributable to the increase in advances received from customers for product orders.

Borrowing

As of 30 June 2026, the Group's outstanding borrowings amounted to approximately RMB1.85 million, which were secured by the discounted acceptance bills of the Group (as of 31 December 2025: the Group's outstanding borrowings amounted to approximately RMB0.13 million), mainly due to an increase in discounted bills of acceptance.

Gearing ratio

As of 30 June 2026, the Group's gearing ratio (i.e. total liabilities divided by total assets) was approximately 15.00% (as of 31 December 2025: approximately 15.06%). The slight decrease in the gearing ratio was mainly attributable to the decrease in the balance of trade payables.

Asset pledge

Save for the borrowings secured by the discounted acceptance bills of the Group, the Group did not have any mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of 30 June 2026.

Contingent Liabilities

As of 30 June 2026, the Group did not have any material contingent liabilities.

Liquidity, Reserves, and Capital Structure

The Group maintained a sound financial position during the Reporting Period.

As of 30 June 2026, the Group's cash and cash equivalents amounted to approximately RMB20.63 million, representing a decrease of approximately 37.71% from approximately RMB33.12 million as of 31 December 2025, which was primarily due to the payment of cash dividends and expenditure on purchases of wealth management products during the Reporting Period.

The Group's cash was primarily used for operating activities and investing activities, and the Group funded its cash requirements primarily from funds generated from business operations, capital contributions from shareholders and the issuance of equity shares as its major sources of liquidity. With respect to cash management, the Group's objective is to optimize liquidity to secure a stable return for shareholders in a prudent, risk-conscious manner. Specifically, the Group has policies in place to monitor and manage the settlement of trade receivables. When determining a customer's credit period, the Group considers a number of factors, including the length of the prior business relationship and the customer's historical payment timeliness. To monitor the settlement of the Group's trade receivables and avoid credit losses, the Group reviews the financial performance of each customer annually, principally based on the amount and ageing of trade receivables due from that customer in each period.

As of 30 June 2026, the Group's total equity amounted to RMB145.17 million, representing a decrease of approximately RMB11.27 million from approximately RMB156.44 million as of 31 December 2025 (i.e. a decrease of approximately 7.20%), which was primarily due to the payment of cash dividends.

Exchange Rate Risk

The Group's principal operations are located in China and its principal transactions are conducted in RMB. Except for certain amounts payable to professional parties which are denominated in Hong Kong dollars, most of its assets and liabilities are denominated in RMB. RMB is not a freely convertible currency. The PRC government may take measures that affect exchange rates, and such measures may have a material adverse effect on the Group's net asset value, earnings and any dividends declared if any dividends declared are required to be exchanged or translated into foreign currencies. The Group has not entered into any hedging transactions to manage potential fluctuations in foreign currencies. The Group believes that it is not exposed to any material risk arising from fluctuations in the exchange rates among Hong Kong dollars, United States dollars and RMB.

Corporate Governance Practices

Compliance with Corporate Governance Code

The Group is committed to maintaining high standards of corporate governance as it is essential in providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

As H Shares have not yet been listed on the Stock Exchange as at 30 June 2026, the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 of the GEM Listing Rules is not applicable to the Company during the Reporting Period. Upon the Listing, the Company has adopted the principles and code provisions of the CG Code as the basis of the Company’s corporate governance practices.

The Board is of the view that throughout the period from 30 June 2026 to the Listing Date and up to the date of this report, save and except code provision C.2.1 of the CG Code as disclosed below, the Company has complied with all the code provisions as set out in the CG Code.

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairperson and the general manager should be segregated and should not be performed by the same individual. The Company do not have a separate chairperson and general manager and Mr. Liu Zhentao currently performs these two roles. With his extensive experience in the precision management and trench cover industry, Mr. Liu Zhentao is responsible for the overall strategic planning and general management of the Group, his knowledge and insights have been instrumental to the growth and expansion of the Group’s business since the founding of the Group. The Board believes that vesting the roles of both the chairperson and general manager in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning and implementation of the Board’s decisions for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

The Board will continue to review and consider splitting the roles of the chairperson of the Board and the general manager of the Group if and when it is appropriate taking into account the circumstances of the Group as a whole.

Compliance With the Required Standard for Securities Transactions by Directors and Supervisors

As H Shares have not yet been listed on the Stock Exchange as at 30 June 2026, the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules in connection with compliance on provisions concerning securities transactions by the Directors and Supervisors are not applicable to the Company during the Reporting Period (the “**Required Standard**”).

With the H Shares listed on the Stock Exchange on 8 July 2026 and the Company has adopted the Required Standard in governing securities transactions of the Directors and Supervisors.

Specific enquiries have been made to all Directors and Supervisors and all Directors and Supervisors have confirmed that they have fully complied with the required standard of dealings as set out in the Required Standard throughout the period from the Listing Date and up to the date of this report.

Directors' Responsibility for the Interim Financial Information

The Directors acknowledge the relevant responsibilities for the preparation of the Company's interim financial information, which are to ensure that the preparation of the Company's interim financial information is in accordance with the relevant regulations and applicable accounting standards, and to ensure that the Company's interim financial information is published in a timely manner.

Board Diversity Policy

Our Company believes that the diversity of Directors brings a broad vision as well as rich and high-level professional experience to the Company, which is conducive to facilitating scientific decision-making and improving corporate governance, and is one of the key factors for achieving sustainable development. The Company will disclose the composition of the Board in the Corporate Governance Report included in its annual report every year. The Nomination Committee will review the Company's policies on board diversity on an annual basis to ensure that such policies are effective. The Nomination Committee will discuss any possible and required amendments to these policies and propose amendments to the Board for approval.

Audit Committee

The Board has established an audit committee (the **"Audit Committee"**) and written terms of reference in accordance with the GEM Listing Rules and the CG Code.

As of the date of this report, the Audit Committee consists of three members, including three independent non-executive directors, namely, Mr. Leung Ka Wai, Mr. Wu Yingpeng and Mr. Ji Hongwei. Mr. Leung Ka Wai serves as the chairman of the Audit Committee.

The primary responsibilities of the Audit Committee include reviewing and supervising the financial reporting processes and internal control systems of the Group, and providing recommendations and opinions to the Board. The Audit Committee has reviewed and approved the accounting principles and practices adopted by the Group with the senior management of the Company, and has reviewed this interim report and the unaudited consolidated interim results of the Group for the Reporting Period.



OTHER INFORMATION

H Shares Listing and the Use of Proceeds from the Listing

The H shares of the Company were listed (the “**Listing**”) on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 July 2026 (the “**Listing Date**”) and 14,470,000 H shares were issued.

The H shares with a par value of RMB1.0 each were issued at a price of HK\$6.22 each. After deducting underwriting fees and related expenses, the net proceeds from the Listing (the “**Net Proceeds**”) amounted to approximately HK\$69.40 million.

As of the date of this report, there has been no change to the intended use of the Net Proceeds as previously disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus.

If the Net Proceeds are not immediately used for their intended purposes, and subject to relevant laws and regulations, the Company will deposit the Net Proceeds into short-term interest-bearing accounts with licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations of other jurisdictions).

Share Capital

As at the latest practicable date for the purpose of adding certain information in this report prior to its printing (“**Latest Practicable Date**”), the structure of the issued share capital of the Company was as follows:

Type of Shares	Nominal value per share (RMB)	Number of issued Shares	Approximate percentage of total issued Shares (%)
Domestic Shares	1.00	43,400,000	75.00
H Shares	1.00	14,470,000	25.00
Total		57,870,000	100.00

Public Float

Based on publicly available information to the Company and to the knowledge of the Directors, no less than 25% of the issued Shares were held by the public throughout the period from the Listing Date and up to the Latest Practicable Date, which is in compliance with the requirements of the GEM Listing Rules.

Interim Dividend

The Board did not recommend the declaration of an interim dividend for the six months ended 30 June 2026.

Principal Risks and Uncertainties

All the risks relating to the Group's business have been set out in the Prospectus under the section headed "Risk Factors".

Material Legal Proceedings

Save as disclosed in the Prospectus, up to the Latest Practicable Date, the Company was not involved in any material litigation or arbitration, and there was no litigation or claim of material importance pending and threatened by or against the Company.

Change in Information of Directors, Supervisors and Chief Executives

Up to the publication date of this report, there has been no change in the information of Directors, Supervisors and chief executives of the Company that is required to be disclosed under Rules 17.50A of the GEM Listing Rules.

Employee and Remuneration Policy

As of 30 June 2026, the Group had a total of 213 full-time employees (31 December 2025: 212). During the Reporting Period, the Group's employee remuneration included employee salaries of approximately RMB12.04 million, representing an increase of 0.08% as compared to RMB12.03 million for the same period in 2025.

The Group places great emphasis on the potential of our employees and invests significant effort and resources in recruitment and training. In addition to regular recruitment programs through professional recruitment companies and other third parties, the Group also implements an internal referral policy to attract potential talent to join the Group. Given the long-term benefits of talent development, the Group regularly provides internal training programs for employees to enhance their technical knowledge and strengthen their industry knowledge and expertise. The Group offers employees competitive remuneration packages, including salaries, allowances, benefits in-kind, bonuses, contributions to retirement plans, and social welfare benefits. The Group contributes to social insurance schemes for its employees, including medical insurance, work injury insurance, pension insurance, maternity insurance and unemployment insurance, as well as housing provident fund.

Purchase, Sale, or Redemption of the Listed Securities of the Company

For the six months ended 30 June 2026, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities (including sales of treasury shares) of the Company.

From the Listing Date to the date of this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities (including sales of treasury shares) of the Company. As at 30 June 2026 and as at the Latest Practicable Date, the Company did not hold any treasury shares.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Company did not make any material acquisitions or disposals of subsidiaries, associates, or joint ventures during the Reporting Period.

Save for the aforesaid, the Company did not hold any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of 30 June 2026) during the Reporting Period.

Save as the plans disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Group has no specific plans to make significant investments or acquire material capital assets. However, the Group will continue to seek new opportunities for strategic investments and/or acquisition to achieve its long-term growth strategies. For further details, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2026, H Shares have not yet been listed on the Stock Exchange. Therefore, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"), Section 352 of the SFO and the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were not applicable.

As at the date of this interim report, the interests and short positions of the Directors and chief executives of the Company in the shares (the "**Shares**"), underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Interest in the Shares

Name	Capacity/Nature of interest	Type of Shares held	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in relevant class of Shares ⁽²⁾	Approximate percentage of shareholding in the total share capital of the Company ⁽³⁾
Mr. Liu Zhentao ⁽⁴⁾	Beneficial owner	Domestic	25,479,801 (L)	58.71%	44.02%
	Interest of spouse	Shares	12,320,200 (L)	28.39%	21.29%
	Interest of controlled corporation		4,200,000 (L)	9.68%	7.26%
Ms. Li Xiaoyan ⁽⁴⁾	Beneficial owner	Domestic	12,320,200 (L)	28.39%	21.29%
	Interest of spouse	Shares	29,679,801 (L)	68.39%	51.29%

Notes:

1. The letter (L) denotes a long position or voting rights connected to the Shares.
2. The calculation is based on a total of 43,400,000 issued Domestic Shares as at the date of this interim report.
3. The calculation is based on a total of 57,870,000 issued Shares as at the date of this interim report.
4. Mr. Liu Zhentao beneficially owns 25,479,801 Domestic Shares and Ms. Li Xiaoyan beneficially owns 12,320,200 Domestic Shares, with Mr. Liu Zhentao's role as the general partner in Baocheng (Zibo) Enterprise Management Partnership Enterprise (Limited Partnership)* (寶成(淄博)企業管理合夥企業(有限合夥)) ("Baocheng"), which owns 4,200,000 Domestic Shares, (i) Mr. Liu Zhentao and Ms. Li Xiaoyan are deemed to be interested in those Domestic Shares owned by one another; and (ii) Mr. Liu Zhentao is deemed to be interested in the Domestic Shares owned by Baocheng.

Save as disclosed above, as at the date of this interim report, there were no interests or short positions held by the Directors, Supervisors and chief executives of our Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares

As at 30 June 2026, H Shares have not yet been listed on the Stock Exchange. Therefore, Divisions 7 and 8 of Part XV of the SFO, Section 336 of the SFO were not applicable.

As at the date of the interim report, to the best knowledge of the Directors after making reasonable enquiries, the following persons (other than Directors, Supervisors and chief executives of the Company) have interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange pursuant to Division 2 and 3 of Part XV of the SFO or which have to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/Nature of interest	Type of Shares held	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in relevant class of Shares ⁽²⁾	Approximate percentage of shareholding in the total share capital of the Company ⁽³⁾
Baocheng ⁽⁴⁾	Beneficial owner	Domestic Shares	4,200,000 (L)	9.68%	7.26%

Notes:

1. The letter (L) denotes a long position or voting rights connected to the Shares.
2. The calculation is based on a total of 43,400,000 issued Domestic Shares as at the date of this interim report.
3. The calculation is based on a total of 57,870,000 issued Shares as at the date of this interim report.
4. Mr. Liu Zhentao beneficially owns 25,479,801 Domestic Shares and Ms. Li Xiaoyan beneficially owns 12,320,200 Domestic Shares, with Mr. Liu Zhentao's role as the general partner in Baocheng (Zibo) Enterprise Management Partnership Enterprise (Limited Partnership)* (寶成(淄博)企業管理合夥企業(有限合夥)) ("Baocheng"), which owns 4,200,000 Domestic Shares, (i) Mr. Liu Zhentao and Ms. Li Xiaoyan are deemed to be interested in those Domestic Shares owned by one another; and (ii) Mr. Liu Zhentao is deemed to be interested in the Domestic Shares owned by Baocheng.

Significant Events after the Reporting Period

As of 30 June 2026, and up to the Latest Practicable Date, except as described in the section headed "H Shares Listing and the Use of Proceeds from the Listing" above, the Group does not have any significant events after the Reporting Period.

Appreciation

The Board would like to express its sincere gratitude to the shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.