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Morimatsu International Holdings Company Limited

森松國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 2155)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

	For the year ended 31 December	
	2025	2024
	RMB	RMB
Revenue	6,954,932,000	6,948,354,000
Gross profit	1,816,583,000	2,049,777,000
Gross profit margin	26.1%	29.5%
Net profit	584,292,000	729,881,000
Net profit margin	8.4%	10.5%
New orders amounts	8,569,000,000	5,968,901,000
EBITDA ^{Note 1}	971,206,000	1,116,488,000
Basic earnings per Share	0.49	0.62
Diluted earnings per Share	0.47	0.59
	As at 31 December	
	2025	2024
	RMB	RMB
Aggregated amount of the transaction price allocated to the remaining performance obligations under existing contracts ^{Note 2}	8,572,421,000	7,112,204,000

Note 1: EBITDA represents the profit before taxation, adjusted for the exclusion of finance costs, depreciation and amortization.

Note 2: Due to adjustments in statistical scope, the aggregated amount does not include items that have been suspended or terminated but have not yet been settled.

The board (the “**Board**”) of directors (the “**Directors**”) of Morimatsu International Holdings Company Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2025 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Note</i>	Year ended 31 December	
		2025	2024
		RMB’000	RMB’000
Revenue	2	6,954,932	6,948,354
Cost of sales		(5,138,349)	(4,898,577)
Gross profit		1,816,583	2,049,777
Other income	3	153,180	117,406
Selling and marketing expenses		(213,212)	(164,287)
General and administrative expenses		(659,378)	(565,118)
Research and development expenses		(310,386)	(399,241)
Impairment loss on trade receivables and contract assets		(51,961)	(116,344)
Profit from operations		734,826	922,193
Finance costs	4(a)	(16,458)	(10,448)
Share of results of associates		(1,222)	(491)
Share of results of joint ventures		(100)	—
Profit before taxation	4	717,046	911,254
Income tax	5(a)	(132,754)	(181,373)
Profit for the year		<u>584,292</u>	<u>729,881</u>
Attributable to:			
Equity shareholders of the Company		599,593	737,241
Non-controlling interests		(15,301)	(7,360)
Profit for the year		<u>584,292</u>	<u>729,881</u>
Earnings per share	6		
Basic (<i>RMB</i>)		0.49	0.62
Diluted (<i>RMB</i>)		0.47	0.59

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	584,292	729,881
Other comprehensive income for the year		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	(10,746)	5,108
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside mainland China	39,880	6,415
Other comprehensive income for the year	29,134	11,523
Total comprehensive income for the year	613,426	741,404
Attributable to:		
Equity shareholders of the Company	613,283	742,474
Non-controlling interests	143	(1,070)
Total comprehensive income for the year	613,426	741,404

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	As at 31 December	
		2025	2024
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		2,507,834	2,398,082
Right-of-use assets		243,215	243,646
Intangible assets		76,401	53,710
Interests in associates		63,647	64,870
Interests in joint ventures		437	7
Financial assets measured at fair value through profit or loss (“FVPL”)		15,213	13,313
Deferred tax assets		38,826	22,318
Other non-current assets		54,547	33,101
Goodwill		145,089	—
		3,145,209	2,829,047
Current assets			
Inventories		730,415	797,243
Contract assets	7(a)	1,618,414	938,869
Trade and other receivables	8	1,345,521	1,347,940
Financial assets measured at fair value through profit or loss (“FVPL”)		152,200	396,598
Restricted cash		1,643	3,188
Cash and bank deposits		3,132,067	2,595,448
Non-current assets due within one year		1,350	—
		6,981,610	6,079,286
Current liabilities			
Trade and other payables	9	2,074,713	1,646,583
Contract liabilities	7(b)	1,221,152	1,476,247
Financial liabilities measured at fair value through profit or loss (“FVPL”)		—	557
Interest-bearing borrowings		331,577	87,906
Lease liabilities		41,146	27,233
Current taxation		109,316	108,931
Provisions		34,514	30,386
		3,812,418	3,377,843
Net current assets		3,169,192	2,701,443
Total assets less current liabilities		6,314,401	5,530,490

	<i>Note</i>	As at 31 December	
		2025	2024
		RMB'000	RMB'000
Non-current liabilities			
Interest-bearing borrowings		—	126,279
Lease liabilities		43,549	54,376
Deferred tax liabilities		29,351	28,001
Deferred income		46,926	45,978
Other non-current liabilities		336,184	—
		<u>456,010</u>	<u>254,634</u>
Net assets		<u>5,858,391</u>	<u>5,275,856</u>
Capital and reserves			
Share capital	<i>10</i>	1,456,635	1,351,129
Reserves		4,142,682	3,697,230
Total equity attributable to equity shareholders of the Company		5,599,317	5,048,359
Non-controlling interests		259,074	227,497
Total equity		<u>5,858,391</u>	<u>5,275,856</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

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

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Group and the Group’s interest in associates and a joint venture.

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity. The financial statements is presented in Renminbi (“**RMB**”), rounded to the nearest thousand except for earnings per share information.

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

- Investment in unlisted equity securities;
- Monetary fund; and
- Forward exchange contracts.

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

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

The financial information relating to the years ended 31 December 2025 and 2024 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the Reporting Period in due course.

The Company's auditor has reported on the financial statements of the Group for the Reporting Period. The auditor's reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

(c) Changes in accounting policies

(i) *New and amended HKFRSs*

The Group has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

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

2 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the production and sales of various pressure equipment. Further details regarding the Group's principal activities are disclosed in Note 2(b).

(i) Disaggregation of revenue

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

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
— core equipment	2,272,126	2,525,033
— reactor	788,068	1,196,707
— heat exchanger	340,063	587,054
— tank	640,313	208,828
— tower	503,682	532,444
— modular pressure equipment	4,393,387	4,244,422
— others*	38,655	32,768
Sales of products	6,704,168	6,802,223
— Pressure equipment design, validation, and maintenance service	250,764	146,131
Service	250,764	146,131
Revenue of operations	6,954,932	6,948,354

* Others include primarily sales of raw materials and scrap materials.

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Point in time	1,858,486	3,515,626
Over time	5,096,446	3,432,728
Total	6,954,932	6,948,354

The Group's customer base is diversified and includes one customer with whom transactions have exceeded 10% of the Group's revenues of the year ended 31 December 2025 (2024: Nil). Revenues from this customer during year ended 31 December 2025 are set out below:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Customer A	995,039	*

* Less than 10% of the Group's revenue for the corresponding years.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2025, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB8,572,421,000 (as at 31 December 2024: RMB7,112,204,000). This amount represents revenue expected to be recognised in the future from contracts with customers in existence at the reporting date. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur over the next 12 to 36 months.

(iii) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

The Group's property, plant and equipment, intangible assets are mainly located in mainland China and accordingly, no geographical information of non-current assets is presented.

	Revenues from external customers	
	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Mainland China	1,589,405	2,750,519
North America	1,221,927	1,383,524
Asia (excluding mainland China)	3,102,022	2,023,164
Europe	624,522	335,153
Africa	69,607	100,155
Others (<i>Note</i>)	347,449	355,839
	<u>6,954,932</u>	<u>6,948,354</u>

Note: Others mainly included countries in South America and Oceania.

(b) Segment reporting

HKFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial statement reports that are regularly reviewed by the Group's chief operating decision makers for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the sale of comprehensive pressure equipment.

3 OTHER INCOME

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Government grants (i)	11,631	24,743
Interest income	74,673	59,987
Net realised gains on monetary fund	9,130	9,894
Net realised gains on forward exchange contracts	2,402	172
Net foreign exchange (losses)/gains	(20,586)	25,313
Changes in fair value of financial assets and liabilities	4,043	854
Net loss on disposal of property, plant and equipment	(2,080)	(553)
Relocation allowance (ii)	65,924	—
Others	8,043	(3,004)
	<u>153,180</u>	<u>117,406</u>

- (i) Government grants mainly includes (a) grants relating to expenses which represent unconditional grants received from local government to encourage the Group's development; and (b) grants relating to assets which represent the amortisation of deferred income.
- (ii) The relocation allowance compensates for the relocation of leased property from Shanghai Morimatsu Chemical Equipment Co., Ltd..

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
(a) Finance costs:		
Interest on interest-bearing borrowings	6,647	8,500
Interest on other non-current liabilities	6,184	—
Interest on lease liabilities	3,627	1,948
	<u>16,458</u>	<u>10,448</u>
(b) Staff costs:		
Salaries, wages and other benefits	1,224,427	1,063,233
Equity-settled share-based payment expenses	64,920	60,840
Contributions to defined contribution retirement plans (i)	132,490	120,495
	<u>1,421,837</u>	<u>1,244,568</u>

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

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

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
(c) Other items:		
Amortisation of intangible assets	25,114	21,301
Depreciation charge		
— owned property, plant and equipment	172,025	153,237
— right-of-use assets	40,563	20,248
Auditor's remuneration		
— audit services	4,200	4,200
— non-audit services	847	20
Research and development costs (i)	310,386	399,241
Increase in provisions	16,563	13,120
Cost of inventories (ii)	5,138,349	4,898,577
Expense relating to short-term leases	25,345	51,576
(i) Research and development costs included staff costs of RMB113,159,000 (2024: RMB207,766,000), depreciation and amortisation expenses of RMB9,126,000 (2024: RMB9,708,000), which are also included in the respective total amounts disclosed separately above or in Note 4(b).		
(ii) Cost of inventories included staff costs of RMB836,627,000 (2024: RMB705,675,000), depreciation and amortisation expenses of RMB152,296,000 (2024: RMB147,663,000), which are also included in the respective total amounts disclosed separately above or in Note 4(b).		

5 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Current tax:		
Provision for the year	124,698	168,301
Withholding tax on the profits of the Group's PRC subsidiaries	28,000	14,921
Under-provision in respect of prior year	606	10,070
	<u>153,304</u>	<u>193,292</u>
Deferred tax:		
Origination and reversal of temporary differences	(15,550)	(29,344)
Withholding tax on the profits of the Group's PRC subsidiaries	(5,000)	13,079
Effect on deferred tax balances at 1 January resulting from a change in tax rate	—	4,346
	<u>(20,550)</u>	<u>(11,919)</u>
Actual tax expense	<u><u>132,754</u></u>	<u><u>181,373</u></u>

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

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Profit before taxation		717,046	911,254
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	(i)(ii)	108,073	141,218
Additional deduction for qualified research and development expenses	(i)(iii)	(21,941)	(23,683)
Under-provision in respect of prior year		606	10,070
Non-deductible expenses		8,244	13,760
Non-deductible income		(4,933)	(3,554)
Tax effect of unrecognised loss	(v)	14,416	8,935
Tax effect of unrecognised temporary difference		5,289	2,281
Withholding tax on the profits of the Group's PRC subsidiaries	(iv)	23,000	28,000
Effect on deferred tax balances at 1 January resulting from a change in tax rate		—	4,346
Actual tax expense		<u><u>132,754</u></u>	<u><u>181,373</u></u>

(i) PRC corporate income tax

The income tax provision of the Group in respect of its operations in Chinese Mainland was calculated at tax rate of 25% on the assessable profits for the periods presented, based on the existing legislation, interpretation and practices in respect thereof, except for the subsidiaries below. Certain subsidiaries of the Group in the Chinese Mainland were subject to the following preferential corporate income tax policies for years ended December 31, 2024 and 2025:

- Certain subsidiaries of the Group in the Chinese Mainland were approved as “High and New Technology Enterprises”, and it was subject to a preferential corporate income tax rate of 15%;
- Certain subsidiaries of the Group in the Chinese Mainland fulfil the micro and small enterprises qualification under the PRC corporate income tax system. Therefore, partial assessable profits of these subsidiaries were subject to the preferential income tax rate of 5%.

Pursuant to the income tax rules and regulations of where the Company and the Group’s subsidiaries located, the Company and the Group’s subsidiaries outside PRC were subject to the corporate income tax at a rate listed below:

Country and region	Company	Year ended 31 December	
		2025	2024
Hong Kong Special Administrative Region of PRC (“ Hong Kong ”)	Morimatsu International Holdings Company Limited (*)	16.5%	16.5%
	Morimatsu Investment Company Limited (*) (**)	N/A	16.5%
	Morimatsu International Investment Company Limited (*)	16.5%	16.5%
	Kingdom of Sweden (“ Sweden ”)	Pharmadule Morimatsu AB	20.6%
United States of America (“ U.S. ”)	Pharmadule Morimatsu Inc. (****)	21.0%	21.0%
	Morimatsu Houston Corporation (****)	21.0%	21.0%
	Bioengineering Inc. (***) (****)	21.0%	N/A
Republic of India (“ India ”)	Pharmadule Engineering India Private Limited	25.17%	25.17%
	Morimatsu Engineering and Technology (India) Co., Private Limited (*) (***)	25.17%	N/A

Country and region	Company	Year ended	
		31 December 2025	2024
Federation of Malaysia (“Malaysia”)	Morimatsu Dialog (Malaysia) SDN. BHD. (*)	24.0%	24.0%
	Morimatsu Engineering & Technology (Malaysia) SDN. BHD. (*) (***)	24.0%	N/A
Japan	Pharmadule Technology and Service Company Limited (previous name: Morimatsu Technology and Service Company Limited)	33.58%	33.58%
	Morimatsu Technology and Service Company Limited	33.58%	33.58%
Republic of Italy (“Italy”)	Morimatsu Italy S.R.L.	24.0%	24.0%
	Morimatsu Engineering & Technology (Italy) S.R.L. (*) (***)	24.0%	N/A
United Mexican States (“Mexico”)	Permanent Establishment in Mexico, the branch of Shanghai Morimatsu Pharmaceutical Equipment Engineering Co., Ltd.	30.0%	30.0%
Republic of Singapore	Morimatsu Pharmadule (Singapore) Pte. Ltd.	17.0%	17.0%
	Morimatsu Lifesciences (Singapore) Pte. Ltd.	17.0%	17.0%
	Morimatsu (Singapore) Pte. Ltd.	17.0%	17.0%
The Kingdom of Thailand	Morimatsu (Thailand) Co., Ltd. (*) (***)	20.0%	N/A
Swiss Confederation	Bioengineering AG (***)	20.0%	N/A
Republic of Korea	Bioengineering Korea Ltd. (***)	19.0%	N/A

* No provision for income tax was made for these companies as these companies did not have income subject to corporate income tax during the year ended 31 December 2025 and 2024 respectively.

** The company has been dissolved since 10 May 2024.

*** The company was not registered or acquired during the year ended 31 December 2024.

**** The tax rate represents federal income tax.

- (ii) The subsidiaries of the Group are entitled as a High and New Technology Enterprise as follows.

	Applicable preferential tax rate	Period
Morimatsu (Jiangsu) Heavy Industry Co., Ltd. (“ Morimatsu Heavy Industry ”) (森松(江蘇)重工有限公司)*	15%	2025 and 2024
Shanghai Morimatsu Pharmaceutical Equipment Engineering Co., Ltd. (“ Morimatsu Pharmaceutical ”) (上海森松製藥設備工程有限公司)*	15%	2025 and 2024
Shanghai Morimatsu Biotechnology Co., Ltd. (“ Morimatsu Biotechnology ”) (上海森松生物科技有限公司)*	15%	2025 and 2024
Shanghai Morimatsu Engineering Technology Co., Ltd. (“ Morimatsu Engineering ”) (上海森松工程技術有限公司)*	15%	2025 and 2024
Morimatsu (Suzhou) LifeSciences Co., Ltd. (森松(蘇州)生命科技有限公司)*	15%	2025 and 2024

* The English translation of these entities is for reference only. The official name of these entities in the PRC is in Chinese.

- (iii) Under the Corporate Income Tax Law of the PRC (the “**CIT Law**”) and its relevant regulation, qualified research and development expenses are subject to income tax deduction at 200% on the amount actually incurred for each of the year ended 31 December 2025 and 2024.
- (iv) According to the CIT Law and its implementing regulations of the CIT Law, for dividends payable to investors that are non-resident enterprise (who do not have organisations or places of business in the PRC, or that have organisations and places of business in PRC but to whom the relevant income tax is not effectively connected), 10% of the PRC withholding tax shall be paid, unless there are any applicable tax treaties are reached between the jurisdictions of non-resident enterprises and the PRC which may reduce or provide exemption to the relevant tax. Similarly, any gain derived from the transfer of shares by such investor, if such gain is regarded as income derived from sources within the PRC, shall be subject to 10% PRC income tax rate (or a lower tax treaty rate (if applicable)).

Pursuant to the shareholders’ resolution on 18 July 2025 and 10 December 2025, Morimatsu (China) Investment Co., Ltd. decided dividends of RMB230,000,000 would be distributed to the Company in the future periods. Accordingly, the Company accrued deferred tax liabilities of RMB23,000,000 based on 10% PRC withholding tax rate.

- (v) Under CIT Law, the deductible tax losses expire within 5 years from the year when such losses were incurred. It was mainly arising from the Morimatsu (China) Investment Co., Ltd. whose principal activity was investment holding, Shanghai Mori-Biounion Technology Co., Ltd. and Morimatsu Engineering, who are still at start-up stages.

(c) **Pillar Two income taxes**

The Company is part of a multinational enterprise group which is subject to the Global Anti-Base Erosion Model Rules (“**Pillar Two Model Rules**”) published by the Organisation for Economic Co-operation and Development.

From 1 January 2024, the Group’s earnings in Sweden and Italy is subject to the domestic minimum top-up tax that was introduced by Sweden and Italy with effect from 1 January 2024.

From 1 January 2025, the Group is also liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in the Hong Kong and certain other jurisdictions where a domestic minimum top-up tax has not been implemented, including the Chinese Mainland.

The Group’s estimated effective tax rates of the majority of the jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under Pillar Two Model Rules. Based on its best estimate, the management of the Group considered the top-up tax under the Pillar Two Model Rules for the year ended 31 December 2025 borne by Group is insignificant.

6 EARNINGS PER SHARE

(a) **Basic earnings per ordinary share of the Company (“Share”)**

The calculation of basic earnings per Share is based on the profit attributable to ordinary equity shareholders of the Company of RMB599,593,000 (2024: RMB737,241,000) and the weighted average of 1,220,188,000 Shares (2024: 1,190,522,000 Shares) in issue during the year, calculated as follows:

Weighted average number of Shares

	2025	2024
Issued Shares at 1 January	1,221,583,000	1,190,092,000
Effect of treasury Shares at 1 January	(64,566,000)	(39,816,000)
Effect of Shares repurchase and cancelled (<i>Note 10(b)(ii)</i>)	—	(1,443,000)
Effect of exercise of share options (<i>Note 10(b)(iii)</i>)	13,813,000	6,034,000
Effect of exercised restricted share units (“RSUs”) (<i>Note 10(b)(iii)</i>)	5,942,000	—
Effect of vested shares options exercisable for no more than little consideration (<i>Note (i) below</i>)	43,416,000	35,655,000
Weighted average number of Shares at 31 December	<u>1,220,188,000</u>	<u>1,190,522,000</u>

Note (i): The vested share options exercisable for no more than little consideration were included in the calculation of weighted average number of ordinary shares from the vesting date.

(b) Diluted earnings per Share

The calculation of diluted earnings per Share is based on the profit attributable to ordinary equity shareholders of the Company of RMB599,593,000 (2024: RMB737,241,000) and the weighted average number of 1,263,427,000 Shares (2024: 1,250,235,000 Shares), calculated as follows:

Weighted average number of Shares (diluted)

	2025	2024
Weighted average number of Shares at 31 December	1,220,188,000	1,190,522,000
Effect of deemed issue of Shares under the Company's Pre-IPO Share Option Scheme and restricted share unit ("RSU") Scheme	<u>43,239,000</u>	<u>59,713,000</u>
Weighted average number of Shares (diluted) at 31 December	<u><u>1,263,427,000</u></u>	<u><u>1,250,235,000</u></u>

7 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Contract assets		
Arising from revenue recognised over time	<u><u>1,618,414</u></u>	<u><u>938,869</u></u>
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables" (<i>Note 8</i>)	<u><u>971,309</u></u>	<u><u>1,035,842</u></u>

Contract assets primarily relate to the Group's rights to consideration for work completed but not yet reached the milestones for billing at the reporting date. The Group's contracts include payment schedules which require stage payments over the delivery period once milestones are reached. Contract assets are transferred to trade receivables when the rights become unconditional.

(b) **Contract liabilities**

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Contract liabilities		
Billings in advance of performance	<u>1,221,152</u>	<u>1,476,247</u>

Contract liabilities primarily relate to the consideration received from customers in advance, for which revenue is recognised based on the progress of the provision of related services.

	Contract liabilities RMB'000
Movement in contract liabilities	
At 1 January 2024	2,290,334
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(2,000,290)
Increase in contract liabilities as a result of billing in advance of construction and manufacturing activities	<u>1,186,203</u>
At 31 December 2024 and 1 January 2025	1,476,247
Effect of acquisition of the Bioengineering AG and its subsidiaries	134,232
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(1,055,831)
Increase in contract liabilities as a result of billing in advance of construction and manufacturing activities	<u>666,504</u>
At 31 December 2025	<u>1,221,152</u>

8 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Bills receivable (<i>Note (a)(i)</i>)	42,043	45,238
Trade debtors net of loss allowance	971,309	1,035,842
Other debtors	<u>123,980</u>	<u>85,425</u>
Financial assets measured at amortised cost	<u>1,137,332</u>	<u>1,166,505</u>
Prepayments	<u>208,189</u>	<u>181,435</u>
	<u>1,345,521</u>	<u>1,347,940</u>

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) **Transfers of financial assets**

The Group endorsed bank acceptance bills to its suppliers for settling trade payables of the same amounts on a full recourse basis. All bank acceptance bills had a maturity of less than one year from the issuance date. As at 31 December 2025, the Group did not have bill receivable (as at 31 December 2024: nil) pledged.

(i) *Transferred financial assets that were derecognised in their entirety*

The bills accepted by banks with high credit quality were derecognised when they were endorsed. In the opinion of the directors, the Group did not retain substantially all the risks and rewards of ownership of these bills, because the credit risk of the acceptance banks was very low and the Group had transferred out all interest risk of the bills upon endorsement. As the transferees had the practical ability to further endorse or discount the bills, control of these bills were transferred upon endorsement and thus they were derecognised. As at 31 December 2025, bills endorsed and derecognised, but yet reached maturity amounted to RMB278,157,000 (as at 31 December 2024: RMB213,210,000). This represents the Group's maximum exposure to loss should the acceptance banks fail to settle the bills on maturity date. However, non-settlement by those acceptance banks was considered unlikely.

(ii) *Transferred financial assets that are not derecognised in their entirety*

The other bank acceptance bills with a total carrying amount of RMB32,256,000 endorsed by the Group to its suppliers as at 31 December 2025 (as at 31 December 2024: RMB30,969,000) to settle trade payables of the same amounts, were not derecognised. In the opinion of the directors, the Group retained substantially all risks and rewards of these bank acceptance bills, and accordingly, it continued to recognise the full carrying amounts of these bills receivable and the associated liabilities.

(b) **Ageing analysis**

As of the end of each reporting period, an ageing analysis of the trade debtors (which are included in trade and other receivables), based on the date of invoice and net of loss allowance, is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 3 months	440,559	277,753
More than 3 months but less than 1 year	201,888	434,838
More than 1 year but less than 2 years	257,268	273,638
More than 2 years	71,594	49,613
	<u>971,309</u>	<u>1,035,842</u>

Trade debtors and bills receivable are mainly due within 30–120 days from the date of invoice.

9 TRADE AND OTHER PAYABLES

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Bills payable	181,648	116,775
Trade payables	1,364,674	1,076,073
Other payables and accruals	528,391	453,735
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	<u>2,074,713</u>	<u>1,646,583</u>

As of the end of each reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	931,747	638,085
More than 3 months but less than 6 months	160,965	139,691
More than 6 months but less than 12 months	73,978	114,704
More than 1 year but less than 2 years	88,187	121,368
More than 2 years	109,797	62,225
	<hr/>	<hr/>
	<u>1,364,674</u>	<u>1,076,073</u>

No bills payable (as at 31 December 2024: nil) was guaranteed.

All trade and other payables (including amounts due to related parties) are expected to be settled or recognised as income within one year or are repayable on demand.

10 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's equity between the beginning and the end of the reporting period are set out below:

The Company	Share capital <i>RMB'000</i> <i>Note 10(b)</i>	Treasury stock <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Exchange reserve <i>RMB'000</i> <i>Note 10(c)</i>	Retained earnings <i>RMB'000</i>	Total equity <i>RMB'000</i>
Balance at 1 January 2024	1,302,751	(38,944)	731,244	22,995	90,309	2,108,355
Changes in equity for the year ended 31 December 2024						
Profit for the year	—	—	—	—	265,240	265,240
Other comprehensive income for the year	—	—	—	5,108	—	5,108
Profit distribution	—	—	—	—	(110,810)	(110,810)
Equity-settled share-based transactions	—	—	50,845	—	—	50,845
Issuance and repurchase of ordinary shares to the Company (<i>Note 10(b)(i)</i>)	32,074	(32,074)	—	—	—	—
Repurchase of ordinary shares to the Company (<i>Note 10(b)(ii)</i>)	—	(15,220)	—	—	—	(15,220)
Cancellation of ordinary shares to the Company (<i>Note 10(b)(ii)</i>)	(7,535)	7,535	—	—	—	—
Exercise of share option (<i>Note 10(b)(iii)</i>)	23,839	1	(23,839)	—	—	1
Total change for the year	<u>48,378</u>	<u>(39,758)</u>	<u>27,006</u>	<u>5,108</u>	<u>154,430</u>	<u>195,164</u>
Balance at 31 December 2024 and 1 January 2025	<u>1,351,129</u>	<u>(78,702)</u>	<u>758,250</u>	<u>28,103</u>	<u>244,739</u>	<u>2,303,519</u>
Changes in equity for the year ended 31 December 2025						
Profit for the year	—	—	—	—	230,490	230,490
Other comprehensive income for the year	—	—	—	(10,746)	—	(10,746)
Profit distribution	—	—	—	—	(170,474)	(170,474)
Equity-settled share-based transactions	—	—	25,265	—	—	25,265
Issuance and repurchase of ordinary shares to the Company (<i>Note 10(b)(i)</i>)	2	(2)	—	—	—	—
Cancellation of ordinary shares to the Company (<i>Note 10(b)(ii)</i>)	(7,685)	7,685	—	—	—	—
Exercise of share option (<i>Note 10(b)(iii)</i>)	113,189	41,024	(112,896)	—	—	41,317
Total change for the year	<u>105,506</u>	<u>48,707</u>	<u>(87,631)</u>	<u>(10,746)</u>	<u>60,016</u>	<u>115,852</u>
Balance at 31 December 2025	<u><u>1,456,635</u></u>	<u><u>(29,995)</u></u>	<u><u>670,619</u></u>	<u><u>17,357</u></u>	<u><u>304,755</u></u>	<u><u>2,419,371</u></u>

(b) **Share capital**

	2025		2024	
	<i>No. of</i>		<i>No. of</i>	
	<i>shares</i>		<i>shares</i>	
	<i>('000)</i>	<i>RMB'000</i>	<i>('000)</i>	<i>RMB'000</i>
Shares, issued and fully paid:				
At 1 January	1,221,583	1,351,129	1,190,092	1,302,751
Issuance and repurchase of ordinary shares to the Company <i>(Note 10(b)(i))</i>	25,910	2	33,083	32,074
Cancellation of ordinary shares to the Company <i>(Note 10(b)(ii))</i>	(2,074)	(7,685)	(1,592)	(7,535)
Exercise of share option and RSUs <i>(Note 10(b)(iii))</i>	—	113,189	—	23,839
At 31 December	<u>1,245,419</u>	<u>1,456,635</u>	<u>1,221,583</u>	<u>1,351,129</u>

In accordance with section 135 of the Hong Kong Companies Ordinance, the Shares do not have a par value.

(i) ***Issuance and repurchase of ordinary shares to the Company***

The Company issued and repurchased 25,910,000 Shares at notional par value of Hong Kong dollars (“**HKD**”) 1.1964 per Share at consideration of RMB2,000 for exercise of Pre-IPO Share Option Scheme on 4 June 2025 (24,778,000 Shares at notional par value of HKD1.208 per share at consideration of RMB2,000 on 3 June 2024).

In the year ended 31 December 2025, no Shares were issued or repurchased in connection with RSU Scheme (8,305,200 Shares at notional par value of HKD4.17 per share at consideration of RMB32,072,000 on 22 November 2024).

(ii) ***Repurchase and cancellation of ordinary shares to the Company***

For enhancing the net asset value and earnings per share, the Company repurchased a total of 3,666,000 ordinary shares at a price ranging from HKD3.55 to HKD6.18 per share with a total consideration of RMB15,220,000 during year ended 31 December 2024. Repurchased shares of 1,592,000 shares, amounting to RMB7,535,000, were cancelled in the same year. The remaining repurchased shares of 2,074,000 shares, amounting to RMB7,685,000 were cancelled during the year ended 31 December 2025.

(iii) Exercise of share option and RSU

The option to subscribe for an aggregate of 29,972,430 Shares, which grant date fair value is RMB2.29, were exercised in 2025 at the exercise price of RMB3,000. RMB68,659,000 was transferred from the capital reserve to the share capital account.

The option to subscribe for an aggregate of 10,406,653 Shares, which grant date fair value is RMB2.29, were exercised in 2024 at the exercise price of RMB1,000. RMB23,839,000 was transferred from the capital reserve to the share capital account.

RSUs of 10,821,600 units were vested and exercised at the exercise price of RMB41,021,000 in the year ended 31 December 2025. RMB44,237,000 was transferred from the capital reserve to the share capital account.

RSUs of 9,269,100 units were vested, and no RSUs were exercised in the year ended 31 December 2024.

(c) Dividends

During the year ended 31 December 2025, HKD0.15 per Share, HKD186,813,000 (equivalent to RMB170,474,000) was distributed and paid.

During the year ended 31 December 2024, HKD0.1 per Share, HKD121,328,000 (equivalent to RMB110,810,000) was distributed and paid.

The total amount of dividends proposed after the end of the Reporting Period of HKD0.2 per Share is HKD249,084,000. The final dividend proposed after the end of the Reporting Period has not been recognised as a liability at the end of the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

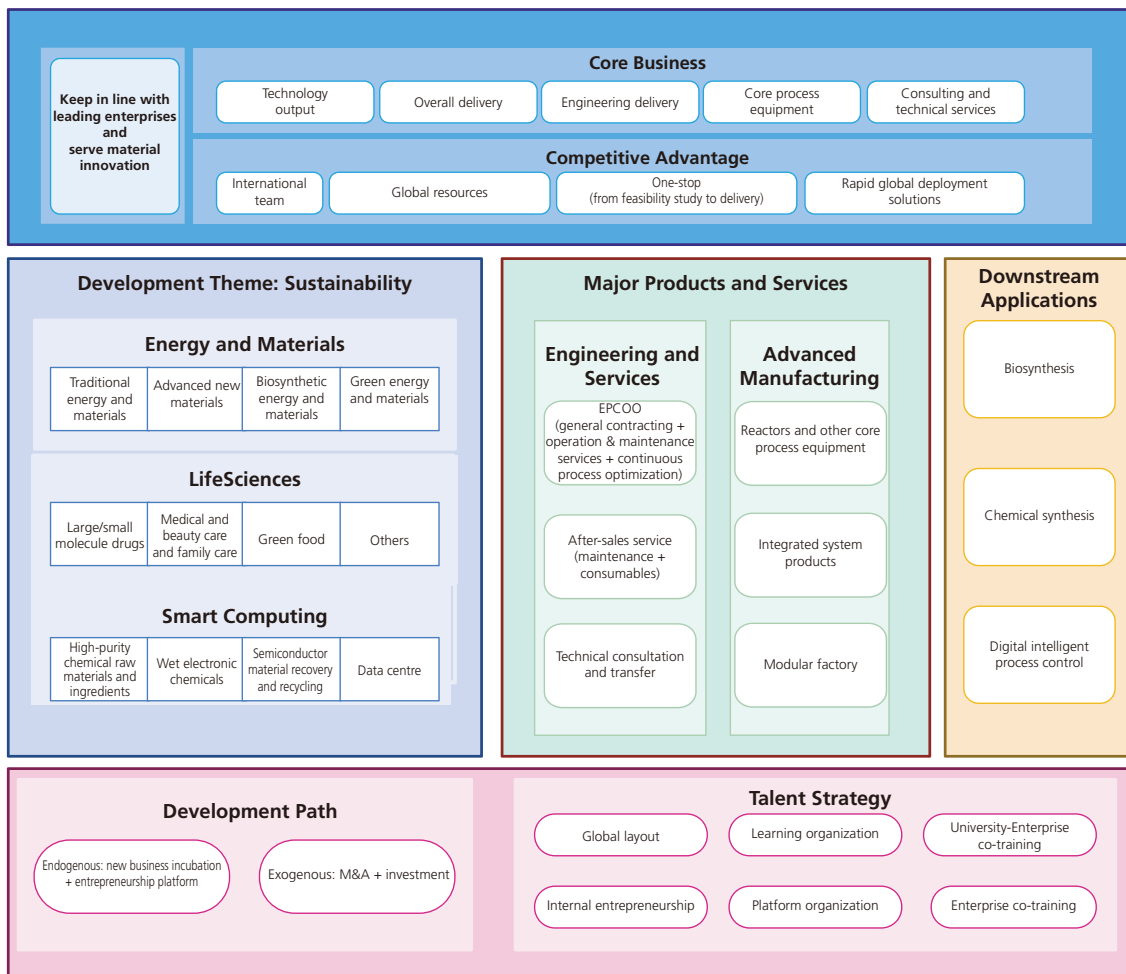
CORPORATE AND OPERATING STRATEGIES

In the pursuit of sustainable and high-quality development, corporate strategies typically refer to the thinking patterns and action guidelines adopted by an enterprise in response to the dynamic changes in the macro-environment, which encompass setting growth objectives, rationally allocating resources, meticulously cultivating talent, designing and planning products, and nurturing and expanding markets. They also serve as the core values and intrinsic driving force guiding the enterprise to continuously build and enhance its competitive advantages amid ongoing environmental shifts.

Changes in the macro-environment are key drivers of corporate strategic adjustments and unavoidable variables in an enterprise's development journey. Therefore, an enterprise must conduct comprehensive and in-depth consideration of these factors when formulating its development strategies. The Group's development strategy is formulated based on the objective reality of long-term coexistence among diverse customer demands and market environments, which aims to avoid over-reliance on any single track, market, product, or demand cycle.

Over more than 30 years of our global operations, we have successively navigated several critical developmental phases: (1) the "Import Substitution" demand cycle in the Chinese market; (2) the full industrial chain construction cycle in the Chinese market; (3) the supply chain globalization cycle in overseas markets; (4) the industrialization cycle in developing countries; and (5) the current supply chain diversification cycle in global markets. Continuously meeting the diverse needs of different industrial and international customers across such varying demand cycles has always been the fundamental starting point for us when establishing the Group's corporate strategies.

Illustration for the Corporate Strategy of the Group
Diversification + Globalization + Intelligentization



Highly Certain Performance of our Business in an Uncertain Environment

In the post-pandemic era, the global economic recovery has not progressed as expected, and uncertainty has become a normal state of corporate survival and development. Coupled with the frequent occurrence of geopolitical events worldwide, it has profoundly impacted the implementation of corporate strategies, the allocation of global resources, and the fulfillment of growth expectations. As a result, coexisting with uncertainty has become one of the core competencies for the survival and development of contemporary enterprises. For enterprises, especially multinational corporations, the ability to recognize, adapt to and overcome these uncertainties is gradually becoming a key competitiveness for their sustainable development.

During the Reporting Period, the Group continued to cope with the challenges arising from multiple macro-environmental changes at the operational level: (1) rapid contraction in demand from key end markets, (2) drastic fluctuations in the international geopolitical landscape, (3) overcapacity in certain key downstream industries, and (4) adjustments to the global low-carbon policy. In the face of continuous decline in overall market demand, the Group has continued to cultivate existing markets while actively exploring new areas by leveraging its deterministic Alpha strategy, supported by its dynamic Beta advantage, and focusing on serving its customer base of leading global and regional enterprises. Such initiatives have not only led to a rapid rebound when our orders bottomed, but also continued to enhance the certainty of our business performance and made our future development path increasingly clear.

Deterministic Alpha Strategy

The Group has developed diverse and dynamically adaptive capabilities in its operations, which are demonstrated in a wide range of areas such as downstream industries and market layout, customer base composition, product and technology portfolio and service models. When a single industry or market inevitably falls into a cyclical downturn, these diversified elements serve as a buffer, which can not only achieve the balance of “blockage in one place and access to other places” in the broad international market, but also achieve the complementary “lose at sunrise and gain at sunset” effect among the diversified business segments, thereby enhancing our overall ability to withstand cyclical fluctuations.

During the Reporting Period, the Group received substantial orders from clients across diverse industries, including pharmaceutical and biopharmaceutical, raw materials for power batteries, family care and oil and gas refinery in North and South America, Asia, Europe and Oceania.

Dynamic Beta Advantage

The core competitiveness of an enterprise is reflected in four dimensions: the ability to continuously innovate in the industry, the ability to respond to the customers’ requests, the ability to predict risks and make dynamic adjustments, and the ability to flexibly adjust to the changes in the market. In the process of building our deterministic Alpha capability, the ability to develop differentiated competitive advantage in a single sector is crucial. Such an advantage cannot be hastily built when industry opportunities arise, but relies on long-term accumulation of industry reputation, stable customer relationships, and solid technological reserves. Only with these deep foundations can an enterprise swiftly seize opportunities and gain competitive ground when the cycle turns upward and demand emerges.

The Group has achieved a high degree of versatility and compatibility in terms of human resources, underlying technology layout and hardware resources. Except for a small number of specialized craftsmen focusing on specific industries, most management personnel, engineering technicians and manufacturing staff possess the capability to serve multiple industries and products. Our manufacturing bases can also adapt to different industries and products by implementing localized adjustments and rapidly switching service scenarios in response to cyclical fluctuations in downstream industries, ensuring that production capacity and demand remain efficiently aligned at all times.

Our high-quality customer base provides a strong driving force for the continuous iterative innovation of the Group's technologies and products, while the broad global market is always surging with versatile and dynamic demands. Against the backdrop of cyclical fluctuations in various industries and markets, the Group's strategic combination of "Deterministic Alpha + Dynamic Beta" has enabled it to accurately capture opportunities amid uncertainties and to flexibly deploy its strategies. This approach not only allows the Group to complete adjustments quickly, but also ensures a rapid rebound from cyclical downturns, demonstrating its strong resilience and ability to cope with emergencies.

Corporate Development and Continuous Growth

Since the late 20th century, the Group has collaborated with leading enterprises across various industries and multinational corporations. From participating in their investment projects in China to gradually integrating into their global supply chain systems, the Group has continuously enhanced its position within the supply chains of numerous multinational enterprises over 30 years of operation. It has also maintained long-term, stable partnerships with many leading enterprises in downstream industries. Leveraging its keen insights into industry trends, the Group delivers diversified products and services to the same clients across different countries and regions.

The Group's core technological capability lies in transforming downstream original technologies (such as laboratory techniques and small-scale production methods) into highly integrated, high-performance, and economically viable engineering products and solutions. Each technological advancement from downstream industries drives the Group's product and technology iterations. Simultaneously, by leveraging its deep talent pool, specialized research and development ("R&D") teams, and diverse industry experience, the Group assists downstream enterprises in jointly bringing new technologies and products to market. Through digitalized full-lifecycle technical solutions, the Group enhances the technical attributes and upgrade potential of core equipment across various industries. This enables the delivery of deeper value-added services, thereby increasing customer loyalty and accompanying downstream enterprises in achieving technological innovation and industry advancement.

The Group's core business originates from capital expenditure projects in downstream industries. The demands of leading enterprises in these sectors reflect future industry trends and cutting-edge technological advancements. The Group maintains long-standing collaborative relationships with these industry leaders, consistently aligning with their developmental needs to empower their transition to commercial production. Driven by global industrial development, sectors such as non-traditional energy, renewable materials, advanced biomedicine, and wet electronic chemical materials exhibit characteristics of diversified end-demand types, diversified raw material origins, and diversified supply chains. The Group continues to leverage its globally distributed technological reserves and R&D capabilities, its abundant hardware production capacity in the Asia-Pacific region, and its extensive customer and market resources to maintain orderly and stable operations. It is also actively penetrating the value chain of new product and technology demands in downstream industries, continuously increasing the proportion of service-related revenue.

Market Strategy

Market-Specific Demand Cycles

With the rapid popularization of artificial intelligence (“AI”) technology application scenarios, the Group has noticed the rapid growth in global demand for computing power and its infrastructure. The Group possesses robust technical expertise and extensive project experience in intelligent engineering and high-efficiency heat exchange and energy consumption management of microchannel reactors. These capabilities enable rapid delivery of computing infrastructure, empowering AI service providers and computing power enterprises to rapidly achieve global production capacity deployment. Data center related products are expected to be one of the Group's key promotion areas in the coming years.

Overall Market Demand Cycles

Closely focusing on the three development themes of “Healthy”, “Green” and “Smart”, combined with the technological updates and product iterations of downstream industries, the Group systematically empowers the development of customers in key areas such as environmentally friendly materials, sustainable energy, the realization of commercialized production capacity of biopharmaceuticals, and global computing power enhancement by providing “MVP Solutions+” (M: machines V: values P: plants) covering core equipment, value-added services and overall solutions (including process packages, detailed design, delivery of module plants, and pre-sales and after-sales services), so as to continuously respond to the diversified needs of global customers.

“Sustainability” is not only a strategic goal for the development of the Group but also a common mission for the development of human society carried out by the downstream industries the Group has been serving for a long period. The products and technologies developed by the Group based on this concept are as follows:

- (1) renewable energy production equipment and technologies (biomass green alcohol energy and sustainable aviation fuel);
- (2) sustainable materials production equipment and technologies (high-performance biodegradable materials);
- (3) sustainable food solutions and equipment (large-scale cultivation of artificial proteins); and
- (4) sustainable industrial development model (modular factory solutions).

MARKET OUTLOOK IN MAJOR DOWNSTREAM INDUSTRY

LifeSciences

Pharmaceutical and Biopharmaceutical

The pharmaceutical industry is intrinsically linked to human health and well-being, as its demand is long-term influenced by factors such as population size, aging rate, and disease evolution. The accelerating pace of population aging in China, coupled with the growing public health awareness, is continuously fostering and expanding the pharmaceutical and health-related consumer market, opening up broad and sustainable growth prospects for the entire pharmaceutical industry.

According to a research report published by Dagong Global Credit Rating Co., Ltd. in December 2025, pharmaceutical manufacturing enterprises are subject to stringent government regulation and supervision throughout their entire operational lifecycle—from establishment to drug research and development and production, distribution and logistics, procurement, usage and pricing—due to their critical role in national economy and public welfare. Consequently, the industry maintains relatively high administrative barriers to entry. Furthermore, the government has successively introduced multiple industrial policies and healthcare reform measures at different stages of the industry’s development, which exert profound influence on the competitive landscape, profitability levels of enterprises within the industry, and even sustainability of their production and operation.

The research report indicates that the 11th batch of centralised procurement has set “stabilizing clinical application, ensuring quality, countering internally vicious competition, and preventing bid rigging” as its core principles. Through rule adjustments such as optimizing quota submission methods, raising market access and quality admission thresholds, and innovating bidding mechanisms, accuracy in regulation has been progressively enhanced. The evolution of centralised procurement policies has not only steered the industry away from pure price-based competition toward quality and innovation-driven competition but also significantly impacted the revenue and profitability models of listed companies. High-margin generic drug manufacturers and leading enterprises with advantages in scale and research and development capabilities have gained greater pricing power and profitability in the market. As centralised quantity-specific drug procurement becomes normalised and institutionalised, alongside ongoing adjustment to the National Reimbursement Drug List, reform of the drug review and approval system, and refinement in regulatory policies, pharmaceutical companies will progressively expedite their transformation and upgrading to pursue high-quality development. Innovative and capable pharmaceutical enterprises are poised to further increase their market share within the industry.

Previously, the Group faced short-term pressure on performance due to geopolitical factors and macroeconomic policies. However, the release of demands from international pharmaceutical companies and Contract X Organizations (CXOs) for overseas production, coupled with the implementation of U.S. reshoring policies, has expanded the market for high-end pharmaceutical equipment manufacturing, bringing the Group into a new growth cycle. Leveraging total modular solutions, the Group effectively addresses customers’ pain points of high on-site construction costs and unpredictable timelines for overseas projects. With the progressive enhancement of its global network, the Group is able to flexibly navigate various uncertainties while ensuring compliance with local regulatory requirements. This enables high-quality service delivery to global customers and the ongoing creation of investment value.

Energy and Materials

Raw materials of power battery

According to an article published by the official WeChat account of Gaogong Industry Research Institute (高工產業研究院) (“GGII”) in January 2026, 2025 marked a “Year of Explosive Growth” for China’s energy-storage lithium battery market. Characteristics such as higher-than-expected demands, price rebounds, technological iteration, and model innovation propelled the industry toward a milestone leap forward. Notable industry developments at this stage include: (1) Surge in shipments, with electric energy storage dominating market demand. GGII statistics indicate that China’s energy-storage lithium battery market experienced explosive growth in 2025, with shipments reaching 630 gigawatt-hours, representing a year-on-year increase of approximately 85%, far beyond industry expectations. Overseas, large-scale storage in the U.S. has seen high growth for two consecutive years, while installed capacity of large-scale storage and commercial/industrial energy storage in Europe has doubled. All these, coupled with the growing demand from new scenarios such as U.S. data centers, have effectively boosted domestic demand growth; (2) Diminishing market concentration brought shifts in the competitive landscape. In 2025, competition in China’s energy-storage lithium battery market was characterised by an “unwavering frontrunners, complemented by surging challengers” dynamic. The top 10 enterprises’ aggregate market share declined from approximately 95% in 2024 to approximately 90%, a slight de-concentration reflecting heightened market competitiveness; (3) Accelerated technological iteration, with 314-ampere-hour (“Ah”) cells becoming mainstream and large-capacity cell development gaining momentum. By 2025, second-generation 314Ah cells have become prevalent in the industry, while third-generation 500+Ah ultra-high-capacity cells are being intensively launched. In terms of technological reserves, both leading enterprises and emerging players have increased research and development investment in 500+Ah large-capacity cells and completed production line construction. According to GGII’s estimation, the market share of 500+Ah large-capacity cells is expected to reach 20% by 2026; (4) Beyond-expectation demand surge, persistent expansion of capacity gap, and notable increase in original equipment manufacturer (“OEM”) ratio. The concentrated surge in demand conflicts with the lag in supply-side capacity expansion, leading to persistent cell production capacity shortages throughout 2025. Some companies’ order backlogs have extended into the first half of 2026. With their own facilities operating at full capacity, major battery manufacturers are intensifying OEM collaborations to compensate for insufficient in-house production capacity. This model not only alleviates short-term capacity pressures but also promotes the optimised allocation of production capacity resources within the industry; (5) Industry-wide price rebound, with supply-demand dynamics dominating pricing logic. The entire energy-storage lithium battery supply chain entered a price rebound cycle in 2025. On one hand, significant increases in upstream raw material prices directly drove up cell production costs. On the other hand, insufficient cell production capacity led to a “highest bidder wins” supply-demand dynamic, where downstream enterprises proactively accepted price hikes to secure

production capacity; (6) Corporate strategic transformation extending from equipment supply to the entire industrial chain. In 2025, numerous energy-storage lithium battery enterprises expanded their reach downstream in the industrial chain. A notably higher proportion of cell manufacturers invested in power stations and expanded into alternating current side business operations.

Currently, the lithium battery market presents a situation where “high-quality production capacity is in short supply while low-end capacity suffers from severe oversupply”. This phenomenon precisely mirrors the industry’s shift towards high-quality development and its supply-side restructuring. Through the replacement and elimination of low-end capacity by high-end capacity, the lithium battery industry is undergoing a transition from pursuing economy of scale to embracing quality innovation. During the Reporting Period, the Group successfully delivered core modules to a major overseas customer for its U.S. new energy project, which represents a crucial move in the customer’s expansion into the U.S. new energy market. Featuring an integrated production facility of nearly 10,000 tons supported by an intelligent management system, this project is dedicated to supplying battery manufacturers with essential advanced materials for electric vehicle batteries. Furthermore, noting that solid-state batteries may lead the next wave of market innovation, the Group has proactively diversified its technological reserves and development pathways to fully prepare for the commercialization and mass production of next-generation products.

Green Energy

According to the Notice on Initiating Pilot Work for Green Liquid Fuel Technology R&D and Industrialization (First Batch) issued by the General Office of the National Energy Administration of China in August 2025, five of the nine pilot projects announced pertain to green methanol, with a planned production capacity of approximately 800,000 tons.

According to a research report released by Topsperity Securities Co., Ltd. in September 2025, (1) Hydrogen-based energy sources, such as green methanol, will be the most suitable marine fuels in the medium to long term: In April 2025, the 83rd session of the Marine Environment Protection Committee (MEPC) under the International Maritime Organization (“IMO”) adopted the first legally binding net-zero emissions framework for the global shipping industry. Once ratified, this framework is expected to take effect in 2027. The IMO net-zero emissions framework will center on “bunker fuels”, driving transformation across the entire industrial chain—from marine powerplant development, new vessel model research and development, modern shipbuilding, green fuel production/supply/refueling/certification, to crew training. Under the IMO net-zero emissions framework, vessels under its jurisdiction shall calculate the greenhouse gas intensity of their fuels (GFI) annually and benchmark against the framework’s specified requirements. Vessels meeting the requirements will be deemed compliant and may even qualify for financial incentives; those failing to meet the requirements must fulfill compliance obligations through payment of emission fees or alternative measures. (2) Global demand for green methanol is ramping up, with supply-

demand dynamics likely to remain imbalanced in the short term: According to statistics from Clarksons, as of February 2025, there were 50 methanol-fueled vessels in operation globally, with a total deadweight of approximately 3.04 million tons; while newbuilding orders stood at 250 vessels, with a total deadweight of approximately 22.77 million tons. According to data from The Orange Group, assuming all these vessels operate solely on methanol fuel, and considering the calorific value and density ratio between methanol and conventional fuels, the current methanol-powered vessels in operation require approximately 930,000 tons of methanol fuel. Factoring in the newbuilding orders for methanol-powered vessels, the future demand for methanol fuel from the estimated 300 vessels to be launched will reach approximately 6.79 million tons. Looking further ahead, following the implementation of the IMO net-zero emissions framework and referencing forecasts from ChineseShipping.com.cn, global shipping fuel consumption is anticipated to stabilise at approximately 260 million tons of oil equivalent by 2050, of which the proportion of green shipping fuels is estimated to reach 80%. Consequently, the future expansion potential for the green methanol market is exceptionally promising in the long run.

The scale of global green and low-carbon projects continues to expand against the backdrop of “carbon neutrality”. From planning to mass production, green methanol projects require indispensable supports from customers, technologies, and resources. Particularly, the gasification process serves as the core of process control, where technological proficiency and operational stability directly determine the feasibility and economic viability of the entire project. The Group can present intuitive data to customers via simulated economic profitability models at initiative stages, and constantly refine technical solutions through continuous communication. Moreover, leveraging mature technology reserves and extensive project delivery experience, the Group initiates development from the source, where complete equipment and modular plants serve as the foundation to ultimately transform customers’ concepts into commercially viable projects.

Electronic Chemical

Wet electronic chemicals are indispensable key foundational materials in semiconductor manufacturing, widely used in core processes such as cleaning, etching, and photoetching. Their purity and stability directly determine chip yield and performance. Against the backdrop of ever-shrinking advanced processes, market demand for high-purity chemicals is becoming increasingly urgent.

According to a research report published by Aijian Securities Co., Ltd. in December 2025, Market Insights data from Statista indicates that the global semiconductor market amounted to United States dollars (“USD”) 659.1 billion in 2024 (a year-on-year increase of approximately 20.0%), and is anticipated to reach USD789.3 billion by 2025 (a year-on-year increase of approximately 19.7%). The semiconductor market is currently segmented into integrated circuits, AI chips, optoelectronic devices, discrete semiconductors, and sensors and actuators. Integrated circuits serve as the core pillar, with a 2024 market size

of USD487.2 billion, accounting for approximately 73.9% of the semiconductor market. AI chips represent the fastest-growing segment, with a 2024 market size of approximately USD68.9 billion (a year-on-year increase of approximately 49.3%); other products in the global semiconductor market, excluding integrated circuits and AI chips, achieved a 2024 market size of USD103.0 billion (a year-on-year increase of approximately 9.3%). Additionally, the report indicates that China's semiconductor market amounted to USD176.9 billion in 2024 (a year-on-year growth of approximately 15.9%), and is anticipated to reach USD206.7 billion by 2025 (a year-on-year increase of approximately 16.9%). The 2024 semiconductor market in China is primarily segmented into integrated circuits (approximately USD139.3 billion), optoelectronic devices (approximately USD13.4 billion), discrete semiconductors (approximately USD11.2 billion), sensors and actuators (approximately USD7.0 billion), and AI chips (approximately USD6.1 billion). Among these, integrated circuits represent the largest semiconductor product category, accounting for approximately 78.7% of the market share. AI chips represent the fastest-growing product category, with a year-on-year increase of 48.3%.

For quite a long time, the high-end wet electronic chemicals market has been monopolised by foreign manufacturers from the U.S., Japan, Federal Republic of Germany (“**Germany**”), and other countries, posing “bottleneck” risks to supply chain security. Through technology introduction, collaborative research and development and independent innovation, the Group has developed semiconductor-grade electronic chemical production processes and the capability to provide core equipment and total solutions. We have delivered relevant products and services across various countries and regions, providing vital support for the establishment of a secure, resilient, and self-reliant semiconductor industry chain.

Data Center

According to a research report published by Aijian Securities Co., Ltd. in December 2025, as of November 2025, the U.S. operated over 4,000 data centers, ranking first globally. The UK held the second position with 499 data centers, followed by Germany and China with 487 and 381 data centers respectively. Currently, Amazon Web Services (“**AWS**”) operates the largest number of data centers in the U.S., with a total of 197 facilities in operation and a combined power capacity of 8.89 gigawatts (“**GW**”). Data centers run by operator Tract (“**Tract**”) boast the highest total power capacity in the U.S., exceeding 15GW. Major U.S. data center operators currently have over 300 facilities under construction. What's more, AWS, Tract, and other vendors have each announced plans for 160+ facilities. It is projected that the internet capacity of newly-built data centers in the U.S. could reach 55GW over the next five years.

The research report indicates that the electricity consumption of U.S. data centers accounted for approximately 4.4% of total U.S. electricity consumption in 2023, which is projected to rise to somewhere between 6.7% and 12% by 2028. Total electricity consumption by data centers has surged from approximately 58 terawatt-hours (“TWh”) in 2014 to approximately 176 TWh in 2023. By 2028, this value is projected to soar further, reaching the range of 325–580 TWh. Data centers have emerged as one of the primary drivers of U.S. electricity load growth. Total electricity generation from large grid-connected facilities in the U.S. increased by merely 6% or so between 2015 and 2024, with negative growth even occurring in 2019–2020, indicating insufficient long-term growth momentum. In 2025, monthly electricity generation in the U.S. saw no significant year-on-year increase compared to 2024, indicating no meaningful improvement in the short-term supply landscape. According to forecasts from the North American Electric Reliability Council (NERC), by 2034, electricity production in most areas of the U.S. will fall below the reserve margin threshold, further exacerbating the issue of power supply gaps. In addition, power generation options such as nuclear, hydroelectric, and coal-fired facilities require lengthy construction cycles that poorly align with the timeline for data center development (the average lead time for delivering a data center in China in 2024 is approximately one year). On-site power generation represents an effective approach to meeting data center electricity demands. According to data from Bloom Energy, on-site power generation projects for data centers to be commissioned by 2030 primarily employ three technologies: gas turbines, fuel cells, and reciprocating engines. Some data centers are also beginning to adopt emerging technologies such as geothermal power generation and small modular reactors (SMRs), though these are not expected to achieve large-scale commercialization by 2030. On-site power generation is gradually evolving from its traditional role as a backup power source to a primary or significant supplementary energy source.

The global data center market is currently experiencing rapid growth, with demands for power, cooling, and network interconnectivity increasing exponentially. Air cooling can no longer meet the requirements for high-density heat dissipation, while cold-plate and immersion liquid cooling technologies are transitioning from pilot testing to large-scale deployment. Focusing on delivering highly integrated products and services characterised by high efficiency, controllability, eco-friendliness and low carbon footprint, our prefabricated modular factory solutions and microchannel technology reserves perfectly align with market demands in the AI era. We tailor solutions to meet customer needs, empowering them to maximise commercial value.

REVIEW OF FINANCIAL DATA

Revenue

The Group's revenue increased by approximately 0.1% from approximately RMB6,948,354,000 for the year ended 31 December 2024 to approximately RMB6,954,932,000 for the year ended 31 December 2025. Among these, revenues of pharmaceutical and biopharmaceutical, as well as family care industries saw significant growth, while revenues of certain other industries decreased, which was mainly due to the slowdown in the pace of expansion of downstream industries and the short-term slowdown in capital investment in mainland China.

Revenue by end application	For the year ended 31 December				Increase RMB'000	Year-on-year change
	2025		2024			
	RMB'000	Proportion	RMB'000	Proportion		
Electronic chemical	257,766	3.7%	809,215	11.6%	-551,449	-68.1%
Chemical	1,284,756	18.5%	1,683,437	24.2%	-398,681	-23.7%
Family care*	655,428	9.4%	235,067	3.4%	420,361	178.8%
Raw materials of power battery [#]	1,049,419	15.1%	1,218,342	17.5%	-168,923	-13.9%
Oil and gas refinery	844,424	12.1%	629,820	9.1%	214,604	34.1%
Pharmaceutical and biopharmaceutical	2,228,311	32.0%	1,586,266	22.8%	642,045	40.5%
Others	634,828	9.2%	786,207	11.3%	-151,379	-19.3%
Total	6,954,932	100.0%	6,948,354	100.0%	6,578	0.1%

* The English translation of “日化” has been changed from “daily chemical” to “family care” for business identification purposes. The offerings and products under this industry remain unchanged.

[#] Raw materials of power battery include mining and metallurgy industry.

Cost of Sales

The cost of sales of the Group increased by approximately 4.9% from approximately RMB4,898,577,000 for the year ended 31 December 2024 to approximately RMB5,138,349,000 for the year ended 31 December 2025. The main reason that cost growth was slightly higher than revenue growth was that, affected by the macroeconomic environment, the Group strategically adjusted the sales pricing strategy for certain orders to expand into new markets.

Cost of Sales	For the year ended 31 December				Increase RMB'000	Year-on-year change
	2025 RMB'000	Proportion	2024 RMB'000	Proportion		
Raw materials and consumables	2,600,427	50.6%	2,682,724	54.8%	-82,297	-3.1%
Direct labour costs	750,653	14.6%	615,078	12.6%	135,575	22.0%
Outsourcing fees	539,584	10.5%	619,646	12.6%	-80,062	-12.9%
Installation and repair cost	744,298	14.5%	546,036	11.1%	198,262	36.3%
Depreciation	152,296	3.0%	147,663	3.0%	4,633	3.1%
Impairment losses on assets	29,936	0.6%	11,082	0.2%	18,854	170.1%
Others (indirect labour cost + design fees)	321,155	6.2%	276,348	5.7%	44,807	16.2%
Total	5,138,349	100.0%	4,898,577	100.0%	239,772	4.9%

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased by approximately 11.4% from approximately RMB2,049,777,000 for the year ended 31 December 2024 to approximately RMB1,816,583,000 for the year ended 31 December 2025. For the year ended 31 December 2025, the gross profit margin of the Group was approximately 26.1%.

Gross profit by end application	For the year ended 31 December				Increase of gross profit RMB'000	Increase of gross profit margin
	2025		2024			
	RMB'000	Gross profit margin	RMB'000	Gross profit margin		
Electronic chemical	49,535	19.2%	180,797	22.3%	-131,262	-3.1%
Chemical	289,886	22.6%	503,635	29.9%	-213,749	-7.3%
Family care*	178,131	27.2%	59,283	25.2%	118,848	2.0%
Raw materials of power battery [#]	328,062	31.3%	427,011	35.0%	-98,949	-3.7%
Oil and gas refinery	254,825	30.2%	219,569	34.9%	35,256	-4.7%
Pharmaceutical and biopharmaceutical	623,934	28.0%	417,446	26.3%	206,488	1.7%
Others	92,210	14.5%	242,036	30.8%	-149,826	-16.3%
Total	1,816,583	26.1%	2,049,777	29.5%	-233,194	-3.4%

* The English translation of “日化” has been changed from “daily chemical” to “family care” for business identification purposes. The offerings and products under this industry remain unchanged.

[#] Raw materials of power battery include mining and metallurgy industry.

Electronic Chemical

The gross profit of the electronic chemical industry of the Group decreased by approximately RMB131,262,000 from approximately RMB180,797,000 for the year ended 31 December 2024 to approximately RMB49,535,000 for the year ended 31 December 2025; the gross profit margin decreased from approximately 22.3% for the year ended 31 December 2024 to approximately 19.2% for the year ended 31 December 2025. The decrease in gross profit margin was mainly due to additional costs incurred during the process of addressing a quality issue of a certain piece of equipment.

Chemical

The gross profit of the chemical industry of the Group decreased by approximately RMB213,749,000 from approximately RMB503,635,000 for the year ended 31 December 2024 to approximately RMB289,886,000 for the year ended 31 December 2025; the gross profit margin decreased from approximately 29.9% for the year ended 31 December 2024 to approximately 22.6% for the year ended 31 December 2025. The decrease in gross profit margin was mainly due to intense industry competition, which led to adjustments in the order-taking strategy for certain projects in order to maintain customer relationships and market share.

Family Care

The gross profit of the family care industry of the Group increased by approximately RMB118,848,000 from approximately RMB59,283,000 for the year ended 31 December 2024 to approximately RMB178,131,000 for the year ended 31 December 2025; the gross profit margin increased from approximately 25.2% for the year ended 31 December 2024 to approximately 27.2% for the year ended 31 December 2025. The increase in gross profit margin was mainly due to the higher margins generated by highly customized integrated solution projects.

Raw Materials of Power Battery

The gross profit of the raw materials of power battery industry of the Group decreased by approximately RMB98,949,000 from approximately RMB427,011,000 for the year ended 31 December 2024 to approximately RMB328,062,000 for the year ended 31 December 2025; the gross profit margin decreased from approximately 35.0% for the year ended 31 December 2024 to approximately 31.3% for the year ended 31 December 2025. The decrease in gross profit margin was mainly due to the inclusion of supporting road and bridge construction work in a high-value order, which diluted the overall gross profit.

Oil and Gas Refinery

The gross profit of the oil and gas refinery industry of the Group increased by approximately RMB35,256,000 from approximately RMB219,569,000 for the year ended 31 December 2024 to approximately RMB254,825,000 for the year ended 31 December 2025; the gross profit margin decreased from approximately 34.9% for the year ended 31 December 2024 to approximately 30.2% for the year ended 31 December 2025. The decrease in gross profit margin was mainly due to adjustments to the gross profit margin requirements for certain projects in order to further expand into specific markets.

Pharmaceutical and Biopharmaceutical

The gross profit of the pharmaceutical and biopharmaceutical industry of the Group increased by approximately RMB206,488,000 from approximately RMB417,446,000 for the year ended 31 December 2024 to approximately RMB623,934,000 for the year ended 31 December 2025; the gross profit margin increased from approximately 26.3% for the year ended 31 December 2024 to approximately 28.0% for the year ended 31 December 2025. The increase in gross profit margin was mainly due to a project requiring high-end equipment with extremely high precision and stability, where the technical complexity enhanced the product's added value.

Other Income

Other income of the Group primarily consists of government grants, interest income and foreign exchange gains and losses. Other income of the Group increased by approximately 30.5% from approximately RMB117,406,000 for the year ended 31 December 2024 to approximately RMB153,180,000 for the year ended 31 December 2025. Such increase was mainly due to the relocation compensation received by the Group's Shanghai manufacturing base following its policy-mandated relocation.

Selling and Marketing Expenses

The Group's selling and marketing expenses primarily consist of the salaries and benefits of its sales and marketing staff, commissions, customer service fees, travel expenses and marketing and promotion expenses. The selling and marketing expenses of the Group increased by approximately 29.8% from approximately RMB164,287,000 for the year ended 31 December 2024 to approximately RMB213,212,000 for the year ended 31 December 2025. Such increase was mainly due to: 1) the expansion of the overseas marketing team, resulting in higher related compensation expenses and travel costs; and 2) increased technical support expenses for overseas projects during their initial stages. The selling and marketing expenses accounted for approximately 3.1% of total revenue for the year ended 31 December 2025 (same period in 2024: approximately 2.4%).

General and Administrative Expenses

The Group's general and administrative expenses primarily consist of the salaries and benefits of management and administrative staff, office expenses and consulting fees. The general and administrative expenses of the Group increased by approximately 16.7% from approximately RMB565,118,000 for the year ended 31 December 2024 to approximately RMB659,378,000 for the year ended 31 December 2025. Such increase was mainly due to the increases in: 1) salaries and benefits, travel expenses, etc. of management and administrative staff to support overseas business development; and 2) depreciation expenses as a result of the operational commencement of the Suzhou manufacturing base and the

substantial completion of the upgrade of the Malaysia manufacturing base. The general and administrative expenses as a percentage of total revenue was approximately 9.5% for the year ended 31 December 2025 (same period in 2024: approximately 8.1%).

Impairment Loss on Trade Receivables and Contract Assets

Impairment loss on trade receivables and contract assets of the Group decreased by approximately 55.3% from approximately RMB116,344,000 for the year ended 31 December 2024 to approximately RMB51,961,000 for the year ended 31 December 2025. Such decrease was mainly attributable to the Group's strengthened risk management and control as well as the implementation of a strict early warning mechanism for trade receivables, which reduced the need for full impairment provisions on high-risk trade receivables.

Research and Development Expenses

The Group's research and development expenses decreased by approximately 22.3% from approximately RMB399,241,000 for the year ended 31 December 2024 to approximately RMB310,386,000 for the year ended 31 December 2025, which was mainly attributable to the adjustment of the priority of R&D projects to align with the Group's operating strategy. The research and development expenses as a percentage of total revenue was approximately 4.5% for the year ended 31 December 2025 (same period in 2024: approximately 5.7%).

Finance Costs

The Group's finance costs primarily consist of the interest on lease liabilities and interest on bank borrowings. The Group's finance costs increased by approximately 57.5% from approximately RMB10,448,000 for the year ended 31 December 2024 to approximately RMB16,458,000 for the year ended 31 December 2025. Such increase was mainly due to the new bank borrowings arising from the Group's merger and acquisition activities.

Income Tax Expenses

The Group's income tax expenses decreased by approximately 26.8% from approximately RMB181,373,000 for the year ended 31 December 2024 to approximately RMB132,754,000 for the year ended 31 December 2025. The Group derived its profit mainly from the subsidiaries located in China that are recognized as high-tech enterprises, which enjoy a preferential enterprise income tax rate of 15%. For the year ended 31 December 2025, the Group's effective income tax rate was approximately 18.5%, representing a decrease of approximately 1.4% from approximately 19.9% for the year ended 31 December 2024, which was mainly attributable to: 1) a decrease in provision for the withholding income tax expenses as dividends expected to be received by the Company from its PRC subsidiaries decreased compared to the same period in 2024; and 2) a decrease in non-deductible

expenses and additional tax payments arising from the annual tax settlement for certain PRC subsidiaries.

Net Profit and Net Profit Margin

Based on the above factors, the Group recorded a net profit of approximately RMB584,292,000 for the year ended 31 December 2025, representing a decrease of approximately 19.9% from approximately RMB729,881,000 for the year ended 31 December 2024. The Group's net profit margin was approximately 8.4% for the year ended 31 December 2025, representing a decrease of approximately 2.1% from approximately 10.5% for the year ended 31 December 2024.

Non-Hong Kong Financial Reporting Standards (“HKFRS”) Measures

The Group believes that the adjusted financial measures are useful for understanding and evaluating the underlying performance and operating trends of the Group, and that the management and investors may benefit from referring to these adjusted financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and non-operating items that the Group does not consider indicative of the performance of the Group's core business. The Group's management believes that these non-HKFRS financial measures are widely accepted and applied in the industry in which the Group operates. However, these non-HKFRS financial measures should not be considered in isolation or as a substitute for the financial information prepared or presented in accordance with HKFRS. Holders of the Shares of the Company (“**Shareholders**”) and potential investors of the Group should not view the following adjusted results on a standalone basis or as a substitute for results prepared under HKFRSs, and such non-HKFRS financial measures may not be comparable to similar titled measures presented by other companies.

EBITDA

For the year ended 31 December 2025, the Group recorded an EBITDA of approximately RMB971,206,000, representing a decrease of approximately 13.0% from approximately RMB1,116,488,000 for the year ended 31 December 2024.

	For the year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit	584,292	729,881
Add: Income tax expenses	132,754	181,373
Interest expenses	16,458	10,448
Depreciation	212,588	173,485
Amortization	25,114	21,301
EBITDA	<u>971,206</u>	<u>1,116,488</u>

Property, Plant and Equipment

The property, plant and equipment of the Group increased by approximately 4.6% from approximately RMB2,398,082,000 as at 31 December 2024 to approximately RMB2,507,834,000 as at 31 December 2025, mainly due to the increase of the Group's investment in the Malaysia manufacturing base.

Contract Assets

The Group's contract assets increased by approximately 72.4% from approximately RMB938,869,000 as at 31 December 2024 to approximately RMB1,618,414,000 as at 31 December 2025, which was mainly attributable to the fact that the proportion of revenue for which the control is transferred over a period of time increased, and that certain ongoing high-value orders had recognized partial revenue but had not yet reached the agreed milestone for payment collection.

Inventories

The Group's inventories decreased by approximately 8.4% from approximately RMB797,243,000 as at 31 December 2024 to approximately RMB730,415,000 as at 31 December 2025, mainly due to the reduction in work in progress following the completion of delivery of certain high-value orders for which the control was transferred at the point in time during the Reporting Period.

Trade and Other Payables

The Group's trade and other payables increased by approximately 26.0% from approximately RMB1,646,583,000 as at 31 December 2024 to approximately RMB2,074,713,000 as at 31 December 2025, mainly due to: 1) increased trade payables resulted from adjustments to the prepayment ratios for certain suppliers, coupled with substantial payments to suppliers nearing but had not yet reached the agreed milestone for payment; and 2) increased salary and bonus payments to employees.

Contract Liabilities

The contract liabilities of the Group decreased by approximately 17.3% from approximately RMB1,476,247,000 as at 31 December 2024 to approximately RMB1,221,152,000 as at 31 December 2025, mainly due to the recognition of revenue from certain high-value orders for which the control was transferred at the point in time during the Reporting Period.

Borrowings and Gearing Ratio

The total borrowings of the Group increased by approximately 54.8% from approximately RMB214,185,000 as at 31 December 2024 to approximately RMB331,577,000 as at 31 December 2025, mainly due to the Group's financing for overseas merger and acquisition activities.

As at 31 December 2025, the interest rates of the borrowings of the Group ranged from 1.69% to 2.95%, and all of the borrowings will be due within 1 year. Among these, approximately RMB321,571,000 were fixed-rate borrowings and approximately RMB10,006,000 were variable-rate borrowings. Borrowings denominated in RMB amounted to approximately RMB70,690,000, while those denominated in Swiss francs amounted to approximately RMB260,887,000.

Gearing ratio is calculated using interest-bearing borrowings divided by total equity. The gearing ratio of the Group increased from approximately 4.1% as at 31 December 2024 to approximately 5.7% as at 31 December 2025, mainly due to the increase in the balance of the borrowings of the Group.

Liquidity and Capital Resources

The balance of cash and cash equivalents of the Group was approximately RMB3,132,067,000 as at 31 December 2025, which was mainly denominated in RMB, USD, HKD, Singapore dollar (“**SGD**”), Japanese Yen (“**JPY**”) and Euro (“**EUR**”), representing an increase of approximately RMB536,619,000 as compared with approximately RMB2,595,448,000 as at 31 December 2024. Besides, the Group had restricted bank deposits of approximately RMB1,643,000 pledged for issuing bank bills of exchange.

The Group purchased short-term financial products issued by banks with idle funds under the premise of ensuring liquidity, and entered into a series of forward foreign exchange contracts, of which the outstanding amount as at 31 December 2025 was approximately RMB152,200,000.

The liquidity of the Group is mainly maintained by cash generated from operating activities, allotment and issuance of equity securities/net proceeds from the global offering and bank borrowings. The liquidity demand mainly includes general working capital and capital expenditures.

The Group's management continuously monitors trade receivables balances and any overdue balances closely, supervises the timely collection of receivables, and makes adequate impairment loss allowance for irrecoverable amounts when deemed necessary. To control liquidity risk, the Group's sales department prepares accounts receivable collection forecasts in accordance with internal procedures and provides regular feedback to the finance department on actual collection performance. Meanwhile, the Group maintains the capital flexibility with bank credit facilities and interest-bearing borrowings, and regularly monitors current and expected liquidity requirements to ensure that sufficient financial resources are maintained to meet liquidity needs.

As at 31 December 2025, the Group's total banking facilities amounted to RMB2,555,000,000, USD297,000,000, Swedish Krona 300,000,000, Swiss Franc ("CHF") 42,000,000 and JPY26,700,000,000 (equivalent to approximately RMB6,438,885,000 in aggregate), of which the utilized banking facilities amounted to approximately RMB709,609,000, USD119,978,000, EUR31,442,000, SGD7,798,000, Malaysian Ringgit ("MYR") 1,837,000, Mexican Peso 56,048,000, CHF33,139,000 and JPY82,000,000 (equivalent to approximately RMB2,176,438,000 in aggregate), and the unutilized banking facilities amounted to approximately RMB4,262,447,000.

Charges on Assets

As at 31 December 2025, the Group did not have any assets or rights pledged.

Contingent Liabilities and Guarantees

As at 31 December 2025, the Group did not have any material contingent liabilities or guarantees.

Significant Investments, Acquisitions and Disposals

In January 2025, Morimatsu (Singapore) Pte. Ltd. (“**Morimatsu Singapore**”), a subsidiary of the Company, established a new wholly-owned subsidiary, Morimatsu Engineering & Technology (Malaysia) Sdn. Bhd. (“**MET Malaysia**”). Following completion of the capital injection in June 2025, the share capital of MET Malaysia is MYR3,000,000. MET Malaysia serves as one of the technology hubs and engineering services centers for the Group’s energy materials segment in Southeast Asia and leverages its geographical advantages and strengths as a talent hub to support the Group’s other operational bases, particularly in the Southeast Asian and North American markets.

In February 2025, Morimatsu Biotechnology, a subsidiary of the Company, jointly established a new non-wholly-owned subsidiary, Shanghai MoriSora Technology Co., Ltd. (上海森紘科技有限公司) (“**MoriSora Technology**”), with four independent third parties. The registered capital of MoriSora Technology is RMB12,000,000, in which Morimatsu Biotechnology directly holds a 70% equity interest. MoriSora Technology is primarily engaged in the research and development, production and sales of drying equipment, cleaning equipment, sterilization equipment and conveyor systems, as well as providing maintenance, upgrades and validation services for such equipment.

In April 2025, Morimatsu Lifesciences (Singapore) Pte. Ltd. (“**Lifesciences Singapore**”) and Morimatsu Pharmadule (Singapore) Pte. Ltd. (“**Pharmadule Singapore**”), subsidiaries of the Company, entered into equity transfer agreements with two third parties, pursuant to which, Lifesciences Singapore agreed to acquire 80% equity interest in บริษัท โมริมัดตลี (ไทยแลนด์) จำกัด (Morimatsu (Thailand) Co., Ltd.) (“**Morimatsu Thailand**”), and Pharmadule Singapore agreed to acquire 20% equity interest in Morimatsu Thailand. Upon completion of the equity transfer, the Company indirectly holds 100% equity interest in Morimatsu Thailand.

In June 2025, Morimatsu Heavy Industry, a subsidiary of the Company, jointly established a new non-wholly-owned subsidiary, Shanghai Ei-Mori Fluid Equipment Co., Ltd. (“**Ei-Mori Fluid**”), with an independent third party. The registered capital of Ei-Mori Fluid is RMB10,000,000, in which Morimatsu Heavy Industry directly holds a 51% equity interest. Ei-Mori Fluid is primarily engaged in the R&D, manufacturing and sales of valves, as well as the installation and commissioning of valve accessories, and related after-sales maintenance services.

In July 2025, the Company, Morimatsu (China) Investment Co., Ltd., Morimatsu Pharmaceutical, being subsidiaries of the Company, and four independent third parties (the “**Investors**”) entered into transaction documents, pursuant to which the Investors agreed to subscribe for the additional registered capital of Morimatsu Pharmaceutical of RMB12,946,412 at a consideration of RMB330,000,000 (the “**Investment Subscription**”). Upon completion of the Investment Subscription, the registered capital of Morimatsu

Pharmaceutical will be increased from RMB86,309,407 to RMB99,255,819 and the Company will directly and indirectly hold approximately 73.99% of shareholding in Morimatsu Pharmaceutical. Please refer to the Company’s announcements dated 7 July 2025 and 14 July 2025 for further details of the Investment Subscription.

In August 2025, Morimatsu Singapore, a subsidiary of the Company, established a new wholly-owned subsidiary, Morimatsu Engineering & Technology (Italy) S.r.l. (“**MET Italy**”). The registered capital of MET Italy is EUR4,500. Leveraging its geographical advantage in the core region of Europe, MET Italy will further enhance communication and collaboration between the Group and European customers, suppliers, and strategic partners by establishing a professional service team, thereby empowering the global business development of the Group.

In August 2025, Morimatsu Heavy Industry, a subsidiary of the Company, established a new wholly-owned subsidiary, Morimatsu (Jiangsu) Technology and Trade Co., Ltd. (“**Morimatsu Technology and Trade**”). The registered capital of Morimatsu Technology and Trade is RMB10,000,000, in which the Company indirectly holds a 100% equity interest. Morimatsu Technology and Trade is primarily engaged in the import and export of machinery and equipment, special equipment, specialized production equipment and spare parts for the oil refining/chemical/new energy industries, metal materials, and structural components, as well as the provision of related supporting technical services.

In September 2025, Morimatsu International Investment Company Limited (“**MII**”), a subsidiary of the Company, entered into equity transfer agreements with two independent third parties, pursuant to which, MII agreed to acquire 100% equity interest in Bioengineering AG and its subsidiaries. Upon completion of the equity transfer, the Company indirectly holds 100% equity interest in Bioengineering AG and its subsidiaries.

In October 2025, Shanghai Morimatsu Hi-Purity Neo-Tech Co., Ltd. (“**MHN**”), a subsidiary of the Company, jointly established a new non-wholly-owned subsidiary, Shanghai Morimatsu Fluorotech Innovation Co., Ltd. (上海森松氟創科技有限公司) (“**MFT**”), with an independent third party. The registered capital of MFT is RMB2,000,000, in which MHN directly holds a 75% equity interest. MFT is primarily engaged in the manufacturing and sales of linings for metal storage tanks and metal piping, as well as the processing and sales of polytetrafluoroethylene (PTFE) gaskets.

In November 2025, MET Malaysia and Morimatsu Technology and Service Company Limited, subsidiaries of the Company, established a new wholly-owned subsidiary, Morimatsu Engineering and Technology (India) Co., Private Limited (“**MET India**”). The share capital of MET India is Indian Rupee 100,000. MET India serves as a vital technical service hub and market development center for the Group’s energy materials segment in India. Leveraging its geographical advantages and utilizing local talent and

language strengths, it collaborates with the Group's other operational bases for coordinated development. By expanding its presence in the Indian market, the Group further strengthens its expansion into European and American markets.

Save as disclosed above, the Group did not hold any other significant investments, nor did it have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period, and the Group did not have any explicit future plans for significant investments or capital assets acquisitions as at 31 December 2025.

Important Events after the Reporting Period

In January 2026, upon the approval of board of directors of Morimatsu Pharmaceutical, a subsidiary of the Company, the cash dividends of RMB120,000,000 was declared to its shareholders but had not been recognised as a liability at the end of the Reporting Period in accordance with HKASs 10.

Save as disclosed above, as of the date of this announcement, the Group had no significant events after the Reporting Period.

OTHER INFORMATION

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group had a total of over 4,800 employees, among which nearly 500 were research and development personnel, accounting for more than 10% of the total number of employees. The Group has a comprehensive remuneration and welfare system and an effective performance appraisal system as required by laws, and determines the remuneration of employees based on their positions and performance. The Group's remuneration policies seek to provide fair market remuneration in form and value to attract, retain and motivate high quality staff. Remuneration packages are set at comparable and competitive levels with other companies in the industry and the market to compete for a similar talent pool.

Employees of the Group's subsidiaries in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's subsidiaries in the PRC contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees. The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above. All contributions to the defined contribution retirement scheme are recognised as an expense in profit or loss when the services are rendered by the employees and when they fall due under the relevant regulations. For the defined contribution retirement scheme, no forfeited contributions could be used by employer to reduce the existing level of contributions.

The Company has also adopted a pre-IPO share option scheme, a post-IPO share option scheme and a RSU scheme. Specific information will be available in the annual report of the Company for the Reporting Period.

RESULTS AND DIVIDENDS

During the Reporting Period, the results of the Group are set out in the consolidated statement of profit or loss and other comprehensive income of this announcement. No Shareholder has waived or agreed to waive any dividend during the Reporting Period.

The Board recommends the payment of final dividend of HKD0.2 per Share for the year ended 31 December 2025. Subject to (i) the approval by the Shareholders at the forthcoming Annual General Meeting (“AGM”) to be held on Thursday, 25 June 2026, and (ii) the fact that the Directors are satisfied that there are no reasonable grounds for believing that the Company is, or will be immediately following the final dividend is paid, unable to pay its debts as they fall due in the ordinary course of business, the abovementioned final dividend will be paid on Monday, 27 July 2026, to those Shareholders whose names appeared on the Register of Members on Tuesday, 14 July 2026.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM of the Company will be held on Thursday, 25 June 2026. A notice convening the AGM is expected to be published and dispatched to the Shareholders in due course in accordance with the requirements of the Listing Rules.

For determining the entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 22 June 2026 to Thursday, 25 June 2026, both days inclusive, during which period no transfer of Shares will be registered. The record date shall be Thursday, 25 June 2026 and in order to be eligible to attend and vote at the AGM, unregistered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 18 June 2026.

For determining the Shareholder’s entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 13 July 2026 to Tuesday, 14 July 2026, both days inclusive, during which period no transfer of Shares will be registered. The record date shall be Tuesday, 14 July 2026 and in order to be eligible to the proposed final dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 10 July 2026.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Group did not repurchase, sell or redeem of any listed securities of the Company (including treasury Shares).

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the governance principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules as the basis of the Company’s corporate governance practices.

During the Reporting Period, the Board is of the view that the Company has complied with all applicable code provisions set out in the CG Code with the exception of certain deviations as further explained below. The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

As disclosed in the announcement of the Company dated 29 December 2025, the passing away of Mr. Kanno Shinichiro, an independent non-executive Director, on 24 December 2025 has resulted in the Company’s non-compliance with the requirements of the Listing Rules, namely (i) the minimum number of independent non-executive Directors as required under Rule 3.10(1) of the Listing Rules; (ii) the number of independent non-executive Directors representing at least one-third of the Board as required under Rule 3.10A of the Listing Rules; (iii) the minimum number of members and the composition requirements in the audit committee of the Company (the “**Audit Committee**”) as required under Rule 3.21 of the Listing Rules and the terms of reference of the Audit Committee; and (iv) the composition requirements in the remuneration committee of the Company (the “**Remuneration Committee**”) as required under Rule 3.25 of the Listing Rules and the terms of reference of the Remuneration Committee.

Following the appointment of Mr. Kuraishi Hideaki as an independent non-executive Director, a member of the Audit Committee and a member of the Remuneration Committee on 23 March 2026, the Company has re-complied with the aforementioned requirements of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct for securities transactions by Directors. During the Reporting Period, having made specific enquiry to all Directors, they have confirmed that they have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive Directors, namely Ms. Chan Yuen Sau Kelly and Mr. Kuraishi Hideaki (Mr. Kuraishi Hideaki was appointed on 23 March 2026, succeeding Mr. Kanno Shinichiro, who passed away and ceased to be a member on 24 December 2025), and one non-executive Director, namely Mr. Matsuhisa Terumoto. Ms. Chan Yuen Sau Kelly is the chairman of the Audit Committee.

The Group’s annual results for the Reporting Period have been reviewed by the Audit Committee.

AUDITOR

The Company appointed KPMG as the auditor of the Company for the Reporting Period. A resolution for the re-appointment of KPMG as the auditor of the Company will be proposed for Shareholders’ approval at the forthcoming AGM. The Company has not changed the auditor in any of the three preceding years.

SCOPE OF WORK OF THE COMPANY’S AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Reporting Period as set out in the preliminary announcement have been agreed by the Company’s auditor to the amounts set out in the Group’s consolidated financial statements for the Reporting Period. The work performed by the Company’s auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Company’s auditor on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.morimatsu-online.com). The annual report of the Company for the Reporting Period containing all the information required by the Listing Rules will be despatched to the Shareholders and made available for review on the websites of the Company and the Stock Exchange in due course.

By order of the Board
Morimatsu International Holdings Company Limited
Nishimatsu Koei
Chief executive officer and executive Director

Hong Kong, 23 March 2026

As at the date of this announcement, the executive Directors are Mr. Nishimatsu Koei, Mr. Hirazawa Jungo, Mr. Tang Weihua, Mr. Sheng Ye and Mr. Kawashima Hirotaka; the non-executive Director is Mr. Matsuhisa Terumoto and the independent non-executive Directors are Ms. Chan Yuen Sau Kelly, Mr. Yu Jianguo and Mr. Kuraishi Hideaki.