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CHINA LEON INSPECTION HOLDING LIMITED

中国力鸿检验控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1586)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

In this announcement, “we”, “us” and “our” refer to the Company (as defined below) and where the context otherwise requires, the Group (as defined below).

The board (the “**Board**”) of directors (the “**Directors**”) of China Leon Inspection Holding Limited (the “**Company**”) is pleased to announce that the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 (the “**Year**”) with the comparative figures for the year ended 31 December 2024 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	3	1,341,205	1,263,129
Cost of sales		<u>(887,279)</u>	<u>(747,980)</u>
Gross profit		453,926	515,149
Other income and losses, net		6,464	4,213
Selling and distribution expenses		(47,053)	(51,459)
Administrative expenses		(273,843)	(256,649)
Impairment losses on financial assets, net		(5,867)	(6,544)
Fair value changes of financial assets and liabilities at fair value through profit or loss		70	73
Other expenses		(32,786)	(34,032)
Finance costs		<u>(6,491)</u>	<u>(8,641)</u>
Profit before tax	6	94,420	162,110
Income tax expense	5	<u>(26,787)</u>	<u>(36,070)</u>
Profit for the year		<u>67,633</u>	<u>126,040</u>
Attributable to:			
Owners of the Company		38,734	82,725
Non-controlling interests		<u>28,899</u>	<u>43,315</u>
		<u>67,633</u>	<u>126,040</u>

	<i>Note</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Other comprehensive income/(loss)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		17,861	(11,810)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation from functional currency to presentation currency		<u>(82)</u>	<u>424</u>
Other comprehensive income/(loss) for the year, net of tax		<u>17,779</u>	<u>(11,386)</u>
Total comprehensive income for the year		<u>85,412</u>	<u>114,654</u>
Attributable to:			
Owners of the Company		<u>54,147</u>	74,155
Non-controlling interests		<u>31,265</u>	<u>40,499</u>
		<u>85,412</u>	<u>114,654</u>
Earnings per share attributable to ordinary equity holders of the Company			
Basic (HK\$ cents)	8	<u>6.86</u>	<u>14.29</u>
Diluted (HK\$ cents)	8	<u>6.74</u>	<u>14.20</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	At	At
	31 December	31 December
	2025	2024
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Property, plant and equipment	270,375	244,187
Investment properties	13,060	14,114
Right-of-use assets	65,256	70,844
Goodwill	33,029	31,445
Intangible assets	1,961	2,341
Financial assets at fair value through profit or loss	4,777	4,697
Deferred tax assets	3,031	2,897
Prepayments, other receivables and other assets	4,167	2,962
	<hr/>	<hr/>
Total non-current assets	395,656	373,487
Current assets		
Inventories	678	4,857
Trade and bills receivables	297,245	221,395
Prepayments, other receivables and other assets	78,987	47,425
Restricted deposits	19,251	2,726
Time deposits with an initial term of over three months	42,572	38,487
Cash and cash equivalents	187,474	267,235
	<hr/>	<hr/>
Total current assets	626,207	582,125

		At 31 December 2025	At 31 December 2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities			
Trade payables	10	66,406	47,558
Contract liabilities		8,611	7,285
Other payables and accruals		87,226	79,361
Convertible bonds		19,767	–
Interest-bearing bank loans		99,742	47,882
Tax payable		26,385	37,516
Lease liabilities		20,653	20,249
		<hr/>	<hr/>
Total current liabilities		328,790	239,851
		<hr/>	<hr/>
Net current assets		297,417	342,274
		<hr/>	<hr/>
Total assets less current liabilities		693,073	715,761
		<hr/>	<hr/>
Non-current liabilities			
Lease liabilities		30,942	37,776
Deferred tax liabilities		2,785	3,307
Other payables and accruals		17	631
Convertible bonds		–	19,945
Interest-bearing bank loans		39,857	–
Deferred income		136	–
		<hr/>	<hr/>
Total non-current liabilities		73,737	61,659
		<hr/>	<hr/>
Net assets		619,336	654,102
		<hr/> <hr/>	<hr/> <hr/>
Equity			
Equity attributable to owners of the Company			
Share capital		228	233
Reserves		447,744	468,270
		<hr/>	<hr/>
		447,972	468,503
Non-controlling interests		171,364	185,599
		<hr/>	<hr/>
Total equity		619,336	654,102
		<hr/> <hr/>	<hr/> <hr/>

NOTES

For the year ended 31 December 2025

1. GENERAL

China Leon Inspection Holding Limited (the “**Company**”) is an exempted company with limited liability incorporated in the Cayman Islands on 29 July 2015. The registered office address of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal places of business are Suite 1015, 10/F, Ocean Centre, Harbour City, 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong and Buildings No. 77–78, Taida Science Park, No. 12 Zhuyuan Road, Shunyi District Beijing, China. The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited since 12 July 2016.

The Company is an investment holding company and the principal activities of its subsidiaries are set out below. The Company and its subsidiaries are collectively referred to as the “Group”.

In the opinion of the directors, the Company was under the control of LI Xiangli, ZHANG Aiying. LI Xiangli and ZHANG Aiying are spouses.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS ACCOUNTING STANDARDS”)

Changes in accounting policies and disclosures

The Group has adopted amendments to IAS 21 Lack of Exchangeability for the first time for the current year’s financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the Group’s financial statements.

Issued but not yet effective International Financial Reporting Standards

The Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to IFRS Accounting Standards — Volume 11</i>	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. The standard was amended in August 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendment. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendment in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 Translation to a Hyperinflationary Presentation Currency require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 Financial Reporting in Hyperinflationary Economies, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards — Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *IFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3. REVENUE

(i) Disaggregated revenue information

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Type of services		
Testing services	790,345	795,024
Surveying services	390,771	358,397
Witnessing and ancillary services	160,089	109,708
	<u>1,341,205</u>	<u>1,263,129</u>
Total	<u>1,341,205</u>	<u>1,263,129</u>
Geographical markets		
Greater China	692,197	695,513
Singapore and other countries/regions	649,008	567,616
	<u>1,341,205</u>	<u>1,263,129</u>
Total	<u>1,341,205</u>	<u>1,263,129</u>
Timing of revenue recognition		
Services transferred at a point in time	1,340,523	1,262,063
Services transferred over a period of time	682	1,066
	<u>1,341,205</u>	<u>1,263,129</u>
Total	<u>1,341,205</u>	<u>1,263,129</u>
Revenue from contracts with customers		
External customers	1,341,205	1,263,129
	<u>1,341,205</u>	<u>1,263,129</u>
Total	<u>1,341,205</u>	<u>1,263,129</u>

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Total	<u>7,285</u>	<u>8,029</u>

(ii) Performance obligations

Information about the Group's performance obligation is summarised below:

The Group performs analytical tests and issues testing certificates or reports after completion of the on-site preparation. The performance obligation is satisfied upon (i) completion of testing services and/or (ii) issuance of testing certificate. A contract liability is recognised for advance payments received for sales in which revenue has yet been recognised.

The Group provides surveying services and witnessing and ancillary services (excluding supervision and equipment maintenance services) on-site. Service reports are issued after services rendered. The performance obligation is satisfied upon (i) completion of provision of services and/or (ii) issuance of service reports, if any. A contract liability is recognised for advance payments received for sales in which revenue has yet been recognised.

The Group provides supervision and equipment maintenance on-site. Such services are recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue is recognised for these services based on the stage of completion of the contract using output method.

All services provided by the Group are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4. OPERATING SEGMENT

Information reported to the executive directors of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment focuses on revenue analysis by geographic location of customers. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures are presented.

Geographical information

(a) Revenue from external customers

	2025	2024
	HK\$'000	HK\$'000
Greater China	692,197	695,513
Singapore and other countries/regions	649,008	567,616
Total revenue	<u>1,341,205</u>	<u>1,263,129</u>

(b) *Non-current assets*

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Greater China	284,398	279,670
Singapore and other countries/regions	<u>103,450</u>	<u>86,223</u>
Total non-current assets	<u><u>387,848</u></u>	<u><u>365,893</u></u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about a major customer

During the year ended 31 December 2025, there was no single customer (2024: Nil) from which the revenue amounted to 10% or more of the Group's total revenue.

5. INCOME TAX

Pursuant to the local rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

The Company's subsidiaries incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits. The tax on the dividend income from a subsidiary in Chinese Mainland has been provided at the rate of 5% during the year.

The Company's subsidiaries in Chinese Mainland are subject to income tax at a statutory rate of 25% on their respective taxable profit, except for certain subsidiaries, which have been identified as high and new technology enterprises entitled to a preferential income tax rate of 15% for the years ended 31 December 2025 and 2024.

The Company's subsidiaries incorporated in Singapore are subject to income tax at the rate of 17% on the estimated assessable profits.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax		
– Chinese Mainland	14,165	18,948
– Other jurisdictions	13,519	18,368
Deferred tax	<u>(897)</u>	<u>(1,246)</u>
Total tax charge for the year	<u><u>26,787</u></u>	<u><u>36,070</u></u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Cost of sales	<u>887,279</u>	<u>747,980</u>
Depreciation of property, plant and equipment	49,453	45,933
Depreciation of investment properties	1,391	1,396
Depreciation of right-of-use assets	26,027	23,229
Amortisation of intangible assets	477	548
Impairment of goodwill	277	1,575
Lease payments not included in the measurement of lease liabilities	5,029	4,237
Research and development costs*	30,451	30,657
Auditor's remuneration	2,347	2,356
Employee benefit expenses (including directors' and chief executive's remuneration):		
– Wages and salaries	504,184	435,901
– Pension scheme contributions	33,632	31,396
– Equity-settled share-based payment expense	610	4,154
– Welfare and other expenses	<u>138,362</u>	<u>118,218</u>
Total	<u><u>676,788</u></u>	<u><u>589,669</u></u>
Impairment of financial assets:		
– Impairment of trade and bills receivables	<u>5,867</u>	<u>6,544</u>
Total	<u><u>5,867</u></u>	<u><u>6,544</u></u>

* During the year ended 31 December 2025, research and development costs of approximately HK\$29,060,000 (2024: HK\$27,544,000) were included in employee benefit expenses.

** At 31 December 2025, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in the future years (2024: Nil).

7. DIVIDENDS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interim — Nil (2024: Nil) per ordinary share	–	–
Proposed final — Nil (2024: Nil) per ordinary share	<u>–</u>	<u>–</u>

No interim dividend was paid by the Company for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil). The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 564,230,966 (2024: 579,029,022) outstanding during the year, as adjusted to reflect the rights issue during 2024, as no rights issue was issued in 2025, no adjustment was made.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2025 HK\$'000	2024 HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation:	38,734	82,725
Adjusted for:		
Interest on convertible bonds	1,278	306
Profit attributable to ordinary equity holders of the Company, used in the diluted earnings per share calculation:	<u>40,012</u>	<u>83,031</u>
	Number of shares	
	2025	2024
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation (<i>Notes</i>)	564,230,966	579,029,022
Effect of dilution — weighted average number of ordinary shares:		
Share options	9,334,798	1,068,750
Convertible bonds	20,000,000	4,657,534
Total	<u>593,565,764</u>	<u>584,755,306</u>

Notes:

- (a) The weighted average number of ordinary shares shown above for the years ended 31 December 2025 and 2024 have been arrived at after adjusting the shares held by the Company's share award scheme under the trust.
- (b) The weighted average number of ordinary shares shown above for the year ended 31 December 2025 and 2024 have been arrived at after adjusting the shares upon exercise of share options and convertible bonds.
- (c) In addition, the number of shares adopted in the calculation of the basic and diluted earnings per share for the years ended 2024 have been retrospectively adjusted to reflect bonus shares which became effective in July 2024.
- (d) The weighted average number of shares was after taking into account the effect of shares held for share award scheme and cancellation.

The computation of diluted earnings per share for the year ended 31 December 2025 and 2024 does not assume the exercise of certain of the Company's share options because the exercise price of those options was higher than the average market price for shares for 2025 and 2024.

Therefore, the diluted earnings per share amounts is calculated based on the profit for the year of HK\$40,012,000, and the weighted average number of ordinary shares of 593,565,764 in issue during the year.

9. TRADE AND BILLS RECEIVABLES

	2025	2024
	HK\$'000	HK\$'000
Trade and bills receivables	314,325	233,750
Impairment	(17,080)	(12,355)
	<u>314,325</u>	<u>233,750</u>
Total	297,245	221,395
	<u>297,245</u>	<u>221,395</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally ranged from on demand and up to three months. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

No trade and bills receivables (2024: Nil) were pledged to secure a bank loan.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025	2024
	HK\$'000	HK\$'000
Within 3 months	235,171	177,508
Over 3 to 6 months	36,882	25,113
Over 6 months to 1 year	17,195	13,578
Over 1 to 2 years	6,922	3,641
Over 2 years	1,075	1,555
	<u>235,171</u>	<u>177,508</u>
Total	297,245	221,395
	<u>297,245</u>	<u>221,395</u>

As at 31 December 2025, included in the Group's trade and bills receivables balance are debtors with aggregate carrying amount of HK\$75,020,000 (2024: HK\$53,421,000) which are past due as at the reporting date. The past due balances is not considered as in default due to the management's historical experience on the settlement pattern or record from these debtors and the good business relationship with these debtors.

10. TRADE PAYABLES

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

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 3 months	53,714	41,433
Over 3 to 6 months	10,099	5,189
Over 6 months to 1 year	1,250	825
Over 1 to 2 years	1,343	111
	<hr/>	<hr/>
Total	<u>66,406</u>	<u>47,558</u>

Trade payables are non-interest-bearing and are normally settled on 90-day terms.

11. EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting year up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2025, the global business environment faced multiple challenges. Factors such as trade policy adjustments, shifting geopolitical landscapes, and exchange rate volatility brought heightened uncertainty and intensified price fluctuations to the macroeconomy and commodity markets. Meanwhile, the rapid advancement of AI technology has been drastically reshaping the global industrial competitive landscape. Despite short-term volatility, the Group maintained its focus amid external uncertainties and the critical phase of industry transformation, consistently adopting a long-term perspective in evaluating its development. Guided by deep insights into industry trends, the Group proactively adjusted its strategic pace and demonstrated long-term resilience. It remained committed to deepening its global network deployment and advancing AI-driven technological empowerment, while strengthening forward-looking investments in talent development and technological upgrades. The Group achieved operating revenue of approximately HK\$1,341.2 million for the Year, with profit attributable to owners of the Company amounting to approximately HK\$38.7 million. While the Group's strategic investments may cause some short-term performance fluctuations, they will significantly enhance future market competitiveness and sustainable development capabilities, which will benefit the Group's transition from a traditional "customer service provider" to a "strategic enabler", enabling it to secure a higher-value position in the global industrial chain.

During the Year, the Group still achieved substantial progress in deepening its global footprint and technological empowerment. As the global economy continues to develop, the significance of emerging markets becomes increasingly prominent. The Group has precisely captured development opportunities in these emerging markets. Leveraging its excellent global service capabilities, it has proactively expanded into emerging regions such as Africa and the Middle East. Its service network, which previously focused on the major trade ports and hub cities in the Asia-Pacific region, has been extended to multiple emerging markets, continuously strengthening its international service network advantages. To support the rapid expansion of overseas operations, the Group has been continuously expanding its talent pool, adding 218 overseas employees during the Year. To date, the Group's global workforce has reached 3,408 employees, with 82 branches and professional laboratories spanning 20 countries. The ongoing investments in talent teams and network expansion aim to deepen our "global network + local service" Glocal model. By leveraging international resources to deliver localized and efficient services, we are building an interconnected, high-performance service system. We aim at further strengthening our global competitiveness and customer loyalty. Through continuous exploration of customer value, we are accelerating our transformation from a traditional inspection and testing service provider to the most trusted strategic partner for multinational enterprises worldwide.

While promoting its global expansion, the Group also places high emphasis on technology-driven innovation. In 2025, the Group prioritized AI as a key new technology application, seizing opportunities in the development of AI industry. The Group has established collaborative innovation platforms that integrate industry, academia, and research, systematically promoting technological R&D and talent development to continuously strengthen its competitive moats. Significant strategic investments have been made in AI robotics research and application to leverage AI and robotics in upgrading its technologies and accelerating AI adoption across various business scenarios. During the Year, our business processes have been successfully evolving toward higher intelligence and automation, enhancing global service capabilities through technological empowerment.

While steadily progressing towards its globalization and intelligentization strategies, the Group's governance standards and social reputation have gained widespread attention and recognition in international markets. During the Year, the Group was once again named "Asia's 200 Best Under A Billion" by Forbes. As a key international industry participant, the Group has received this honor for five consecutive years, fully demonstrating the international recognition of its governance structure, operational capability and profitability. This further strengthened the Company's leading position in the global TIC (Testing, Inspection, and Certification) industry.

Business review of each segment

The Group provides global industry leaders with a wide range of one-stop services in testing and inspection, as well as technical and consulting services around the clock, focusing on four key areas, namely commodity services, clean energy, environmental protection and climate change, empowering global industry leaders to achieve eco-friendly and low-carbon transformation. ESG-oriented development is a key priority for the Group's "3+X" development strategy. Through the three main implementation dimensions of (1) ESG-Friendly; (2) ESG+; and (3) ESG-Focused, we have achieved our long-term sustainable strategies, fulfilled our corporate social responsibilities, and contributed to the green and low-carbon transition of the industry. In 2025, the Group leveraged synergies across all business segments. Details are set out below:

I. ESG-Friendly:

Commodity Business

With 82 service outlets and 18 categories of professional qualification certifications around the world, the Group's services cover more than 50 types of commodities and natural resources. Supported by its robust overall capabilities, exceptional technical expertise, and outstanding professional teams, the Group has developed into an authoritative inspection institution designated by multiple international and domestic exchanges.

Against the backdrop of green and low-carbon development becoming a global consensus, the Group actively responds to the national “dual carbon” strategy. We have made green commodity inspection and testing a key strategic priority, continuously expanding our capabilities throughout the green industrial chain. We are committed to providing customers with green compliance solutions covering the entire product lifecycle. The Group has now firmly established itself as a leading quality inspection institution for green and low-carbon commodities such as lithium carbonate, ferroalloys and industrial silicon. In the Year, the Group further expanded its influence in the futures quality inspection sector. It was designated by the Shanghai Futures Exchange as the official quality inspection institution for cast aluminum alloy, lead, nickel and tin futures. Additionally, the Guangzhou Futures Exchange newly appointed the Group’s subsidiary, Shibiao Testing, as the quality inspection (sampling institution) institution for polysilicon futures. These qualifications fully reflect the exchanges’ strong recognition of the Group’s extensive experience and credibility in commodity inspection, while further enhancing the Group’s brand influence within the non-ferrous metals and green low-carbon related industrial chains. The following is a list of the futures designated quality inspection institution qualifications obtained by the Group and its subsidiaries from major exchanges as of now:

Exchange	Commodities
Shanghai Futures Exchange	Copper, aluminum, zinc, alumina, cast aluminum alloy, lead, nickel, tin
Dalian Commodity Exchange	Coking coal, coke, iron ore
Zhengzhou Commodity Exchange	Thermal coal, ferrosilicon, manganese-silicon
Guangzhou Futures Exchange	Industrial silicon, lithium carbonate, polysilicon
Shanghai International Energy Exchange	Bonded copper

In the future, the Group will continue its expansion into emerging markets such as the Middle East, Africa and Southeast Asia, focusing on high-growth sectors in new energy, green commodities, etc., building professional technical barriers, and fostering differentiated competitive advantages. With fair, efficient and professional services, the Group will contribute actively to the high-quality and sustainable development of the new energy industry and help clients to enhance their international competitiveness. Additionally, the Group will comprehensively promote its digital transition, improve efficiency through AI operations, bring forth new insights into data-driven value-added service models, and continuously optimize customer experiences, so as to solidify its leading position in the industry.

R&D

In 2025, the Group established AI empowerment as its core technology strategy, fully seizing the historic opportunities presented by the AI revolution. The Group has been focusing on achieving technological breakthroughs through the dual engines of “AI + Robotics”, accelerating the AI transition of all business scenarios. The Group will continue to invest in technological research and development, promoting the deep integration of AI in inspection and safety management to create smarter and more reliable service value for clients.

As early as the first quarter of 2025, the Group achieved significant breakthroughs in AI innovation applications, with the relevant technology successfully deployed across three core scenarios. Through its self-developed “Leon AI System”, the Group pioneered the deep integration of AI large models with core energy inspection businesses, ushering traditional inspection operations into an AI-driven new phase. Additionally, based on the personalized needs of modern enterprise safety production, the Group has actively promoted the research and development and establishment of an AI safety production platform. Such platform is integrated with the Internet of Things, big data analytics and multi-modal AI technologies. This platform, with AI technology as its core support, aims to optimize enterprise safety management efficiency by deeply analyzing enterprise-specific safety risk characteristics, achieving seamless integration with production and operational systems.

The Group’s technology-driven intelligent deployment has progressively formed a closed-loop system, achieving systematic advancements in critical inspection scenarios. Take ship draft inspection as an example. Previously, it relied on manual visual inspection, which was inefficient and posed safety risks. Since 2023, the Group has continuously invested in AI vision and simulation technology R&D, establishing a complete technology chain spanning “perception-simulation-verification-optimization”. This has resulted in multiple authorized and published patents centered on waterline fluctuation simulation, automatic draft gauge reading, intelligent appraisal systems, and performance evaluation, achieving intelligence across the entire process from algorithms to equipment. For coal inspection scenarios, the Group has introduced an integrated “AI Processing System + Intelligent Sampling Vehicle” solution. By deeply integrating smart hardware with information processing systems, inspection efficiency and data reliability have been significantly enhanced. The Company had explicitly designated AI as the core engine to drive its transformation in 2025. The aforementioned achievements represent a crucial demonstration of strategic investments translating into industrial value. Technologies based on these patents have now achieved commercial application, further enhancing customer loyalty and market competitiveness. This not only validates the correctness of the technological direction but also strengthens the Group’s commitment to continue investing in the intelligent data platform domain.

Looking ahead, the Group will continue to leverage AI technological innovation to enhance service capabilities so as to persistently strengthen customer loyalty and market competitiveness. In 2026, the Group will further promote the global deployment of its AI systems, focusing on breakthroughs in cross-border AI inspection mutual recognition system, AI-based carbon emission accounting modules and quality prediction models for commodities. Through sustained technological investment, we will drive the restructuring of industrial value and lead the inspection and testing industry into a new era of intelligent collaboration and data-driven operations.

II. ESG+:

As the construction of a new power system accelerates, the Group keeps abreast of customers' demand and leverages its ESG+ business, which encompasses the three core segments of clean energy, environmental protection and climate change, to fully harness its deep industry experience and professional expertise, striving to contribute to the green and low-carbon transition of the industry and facilitating the high-quality, accelerated development of new power systems.

- (1) **Clean Energy Business:** The Group has expanded into new energy sectors, focusing on wind power and solar power generation, as well as testing services in other clean energy fields. Our service scope includes quality inspection and re-inspection for wind power and photovoltaic projects, covering manufacturing supervision, hoisting supervision, wind turbine inspections, pre-warranty expiration quality assessments, and operational maintenance. Additionally, we provide data collection, testing, and regular maintenance during the operation of wind and photovoltaic systems to improve power generation stability.
- (2) **Environmental protection business:** The Group enhances its environmental protection capabilities through Leakage Detection and Repair (“**LDAR**”) services, which screen and precisely locate suspected pipeline leaks. By integrating pipeline data platforms, risk identification and assessment systems, and detection and repair processes, we offer diversified and comprehensive services. These efforts assist enterprises in mitigating pipeline safety risks, reducing accident rates, and strengthening environmental protection services. LDAR service is a key contributor to low-carbon emissions reduction and an essential element in achieving green low carbon goals. Additionally, the Group provides a wide range of ecological and environmental consulting and testing services, including environmental protection monitoring, ecological monitoring, soil pollution investigation, environmental pollution prevention and control, professional total solution operator for environmental protection, consulting on environmental protection technology, soil and water conservation, water resources argumentation, social stability risk assessment, environmental protection equipment sales, as well as sales and operation maintenance of online monitoring equipment.

- (3) **Climate change business:** The Group offers a wide range of professional, integrated solutions in the fields of low-carbon and sustainable development. These services primarily encompass four key areas: due diligence, development, technical consulting, and trading of carbon emission reduction assets; low-carbon technology consulting; ESG technical consulting; and low-carbon digitalization. Our key strategic clients are core contributors to building clean, low-carbon, safe, and efficient energy systems. The Group actively supports these clients in enhancing efficiency, achieving their goals, and implementing large-scale energy-saving and carbon reduction initiatives, enabling them to pursue sustainable, low-carbon, and green development strategies. Furthermore, through a one-stop comprehensive carbon neutrality solution, the Group has successfully assisted industry-leading clients in meeting their corporate carbon neutrality commitments. With a deep understanding of the global carbon market's current status and trends, the Group proactively helps clients complete the registration of projects under various international carbon reduction mechanisms, thereby empowering our clients to fully uphold their corporate social responsibilities and establish themselves as leaders in low-carbon and sustainable development within their industries.

As one of the major carbon asset traders in the Beijing carbon market, the Group has expanded the scale of carbon asset transactions in collaboration with clients, assisting more clients in completing their annual compliance obligations at low cost. During the Year, the Group was honored with the “2024 Best Trading Award” by the Beijing Green Exchange, fully demonstrating the exchange's strong recognition of the Group's extensive expertise and brand credibility in the carbon market. Looking ahead, the Group will continue to leverage its strengths in green and low-carbon initiatives, partnering with the Beijing Green Exchange to contribute to the nation's high-quality green and low-carbon development.

Meanwhile, the international climate change operation continues to gain momentum. Commissioned by international clients, the Group provides technical consulting services for large-scale overseas carbon credit projects and successfully completed delivery, highlighting its professional capabilities in carbon asset consultation sector that meet internationally advanced standards and demonstrating its ability to execute global delivery. Furthermore, the Group's application for the launch of its carbon asset project for utilizing low-concentration methane in coal mines has received approval from competent authority. This fully reflects the Group's expertise in developing carbon assets under major global carbon standards, as well as the significant synergy between its major clients for energy commodities testing and core dual-carbon service domains, bringing opportunities for gaining potential scaled revenue.

While steadily promoting market services, the Group continues to deepen its research leadership and cross-sector collaboration in the low-carbon field. In September 2025, Leon Low-Carbon Company (力鴻低碳公司), a subsidiary of the Group, released the world's first "The Sixth Global Readiness Rating Report", providing the first comprehensive assessment of carbon market readiness across all 195 signatories to the Paris Agreement. The report systematically analyzed the maturity of countries under carbon market mechanisms based on four pillars: regulatory frameworks, infrastructure, financial support and implementation practices. It offered important insights for global climate governance and carbon market development. Concurrently, the Company has been actively promoting industry-academia-research integration, and has recently sponsored the official release of the "Smart Sidewalk Guide" compiled by Carnegie Mellon University's School of Architecture. This guide innovatively introduced a "Smart Sidewalk Classification Framework", systematically integrating green and gray infrastructure, electrical facilities, and underground systems. It redefined the strategic role of sidewalks in climate resilience and transportation transformation, highlighting the Company's forward-thinking vision of embedding sustainable principles into urban development.

As new regulations for the global carbon market gradually become clear and the market scale expands significantly, the Group will fully leverage the professional expertise of its in-house global carbon market specialists, along with its brand credibility and influence among clients and governments, to actively tap into this vast market.

III. ESG-Focused:

The Group continues to strengthen its sustainable development capabilities, and enhances professional service competencies in key ESG areas such as green and low-carbon, energy conservation and emissions reduction, while systematically identifying potential investment opportunities. In the future, the Group will further facilitate investment planning aligned with its ESG strategy, prioritizing green and low-carbon market as well as emerging markets with sustainable growth potential. It will actively explore potential merger and acquisition targets and investment opportunities. By deeply integrating innovative technologies like AI, the Group will continuously expand its service scope and improve service quality. Through more comprehensive and professional integrated solutions, it will empower clients to achieve their green and low-carbon transformation and sustainable development goals.

PROSPECT

Looking ahead, the global inspection, testing and certification (TIC) industry faces both opportunities and challenges, with broad prospects for development. As a key player in the Asia-Pacific region, we will seize growth opportunities in the TIC market through the following initiatives: 1) deepening our global network: building on our existing presence in twenty countries, we will expand service capabilities into emerging regions such as the Middle East and Africa to establish a more comprehensive cross-border service coordination system. We will prioritize cross-border AI inspection mutual recognition system to enhance overall efficiency in international operations. 2) strengthening technological innovation and application: we will continue to increase R&D investment, focusing on the deep integration of AI technology with inspection services. In 2026, we will concentrate on developing key technologies such as AI carbon emission accounting and green commodities quality prediction to drive the intelligent and digital transformation of our business; 3) building ESG synergy ecosystem: leveraging our expertise in clean energy testing and carbon asset trading, we will actively respond to global carbon market trends. With a mission to serve the global green transition, the Group are building a leading brand in low-carbon integrated solutions.

With clear strategic direction, solid technological foundation and efficient operational system, the Group drives high-quality sustainable development, and actively facilitates its transition from “single service” to “value extension”. The Group will persistently leverage AI to empower innovation and harness technology to reshape competitiveness, and strives to become a world-leading TIC service provider, so as to create sustainable value for shareholders, customers and society.

FINANCIAL REVIEW

Overview

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	Change
Revenue	1,341,205	1,263,129	6.2%
Profit attributable to owners of the Company	<u>38,734</u>	<u>82,725</u>	<u>(53.2%)</u>

Revenue

During the year under review, the Group's revenue increased from approximately HK\$1,263.1 million in 2024 to approximately HK\$1,341.2 million in 2025, representing an increase of approximately 6.2%. Amid the complex and volatile shifts in the global macroeconomic environment, the Group's core businesses demonstrated strong resilience. During the Year, the Group extended its presence in key regions such as Africa and the Middle East through its "Glocal" model (global network + local services). With a global network covering 82 branches and professional laboratories across 20 countries, together with an even more extensive service network, both customer loyalty and delivery resilience had been strengthened. Meanwhile, by leveraging the long-term trust of top-tier clients worldwide, improved service efficiency driven by innovative AI application technologies, unwavering brand credibility, and strong qualification barriers, the Group achieved steady operational progress overall and continued to strengthen its core business foundation. These synergistic effects drove stable revenue growth throughout the year.

Profit attributable to owners of the Company

The Group's profit attributable to owners of the Company for the Year is expected to decrease by approximately 53.2% from approximately HK\$82.7 million in 2024 to approximately HK\$38.7 million. The decrease was primarily attributable to the Group's adherence to "long-term vision" in the face of the complex and volatile global macroeconomic developments and the historic opportunities arising from the reshaping of the industry landscape by AI technologies. The Group persistently facilitated strategic transformation driven by scientific and technological innovation and global expansion. During the Year, the Group significantly increased resource allocation in key areas including talent development, technological upgrades, network expansion and service capability enhancement. This included adding 218 overseas employees, expanded the total number of global branches and professional laboratories to 82 spanning 20 countries, and deepening the "global network + local service" Glocal model. Meanwhile, the Group prioritized AI as the strategic focus for technological application, increased R&D investment in AI robots, established collaborative innovation platforms integrating industry, academia, and research, and accelerated the development and application of

intelligent equipment and digital technologies. While the related phased expenditures exerted short-term pressure on profit for the current period, these investments were made to consolidate the foundation for the Group's high-quality development. The Group's strategic transition from a traditional "customer service provider" to a "strategic enabler" has reinforced its core competitive advantages in global markets and laid a solid foundation for long-term value creation, aligning with the long-term interests of the shareholders.

Cash and Cash Equivalents

The Group's cash and cash equivalents consist primarily of cash and bank balances denominated in RMB, HKD, USD and SGD. The Group remained in a strong cash position throughout 2024 and 2025, with cash and cash equivalents of HK\$267.2 million and HK\$187.5 million as at 31 December 2024 and 2025 respectively.

Treasury Management and Funding Policy

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2025 respectively.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year under review. To manage the Group's liquidity risk, the management monitors the Group's liquidity position and maintains sufficient cash and cash equivalents within the Group, as well as ensuring the availability of funding through an adequate amount of committed credit facilities and the ability to settle the payables of the Group.

Contingent Liabilities

As at 31 December 2025, the Group did not have any significant contingent liabilities or guarantees to third parties.

Gearing Ratio

The Group monitors capital on the basis of the gearing ratio. The calculation of gearing ratio is based on total net debt divided by capital plus net debt and multiplied by 100.0%. Net debt is calculated as trade payables, other payables and accruals, interest-bearing bank loans and convertible bonds, less cash and cash equivalents as shown in the consolidated statement of financial position. Total capital is calculated as “equity attributable to owners of the Company” as shown in the consolidated statement of financial position.

	2025	2024
	HK\$'000	HK\$'000
Trade payables	66,406	47,558
Other payables and accruals	87,243	79,992
Interest-bearing bank loans	139,599	47,882
Convertible bonds	19,767	19,945
Less: Cash and cash equivalents	(187,474)	(267,235)
Net deficit (surplus)	125,541	(71,858)
Equity attributable to owners of the Company	447,972	468,503
Capital and net debt	573,513	396,645
Gearing ratio (<i>Note</i>)	22%	–

Note: Gearing ratio is zero when the amount of cash and cash equivalents is higher than gross debt (2024: zero).

Credit Risk

Credit risk is the risk of loss arising from a customer's or counterparty's inability to meet its obligations. The Group enters into transactions only with recognized and creditworthy parties. It is the Group's policy that all customers who wish to have credit transactions with the Group are subject to credit verification procedures taking into account the customers' financial position and the Group's past experience with the customers.

In addition, the Group monitors receivable balances on an ongoing basis. The management of the Group evaluates the creditworthiness of its existing and prospective customers and ensures that the customers have adequate financing for the projects as well as the source of the financing. No collateral is required.

The Group's other financial assets include financial assets included in deposits and other receivables and cash and cash equivalents. The credit risk of these financial assets arises from default of the counterparty. The maximum exposure to credit risk equals to the carrying amounts of these assets.

Foreign Exchange Risk

The Group was exposed to foreign currency risk on cash and cash equivalents, receivables, payables and interest-bearing bank loans that were denominated in a currency other than respective functional currencies of the Group's entities. The currencies giving rise to this risk were primarily Hong Kong dollar, Renminbi, United States dollar and Singapore dollar.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period up to the date of this announcement.

EMPLOYEES

As of 31 December 2025, the Group had 3,408 (2024: 3,374) employees in total. The Group's employee compensation includes base salary, bonuses and cash subsidies. Other agreed employee benefits includes pension scheme, medical insurance, on-job training, education subsidy and other social security and paid leaves stipulated under the relevant jurisdiction of places of operation. The Company maintained good relationship with its employees. Furthermore, the Company has adopted the share option scheme as well as the share award scheme as the incentives to Directors and eligible employees.

As regards to the emolument policy of the employees of the Group, in general, the Group determines employee compensation based on each employee's performance, qualifications, position and seniority. The emoluments of the Directors are recommended and decided by the remuneration committee and the Board respectively, having regard to the Company's operating results, individual performance and comparable market statistics.

PRE-EMPTIVE RIGHTS

There are no provisions of pre-emptive rights under the Company's articles of association, or the laws of the Cayman Islands (being the jurisdiction in which the Company was incorporated), which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Year, the Company repurchased a total of 11,592,000 of its Shares on the Stock Exchange at an aggregate consideration of approximately HK\$28,509,920 (before expenses).

Out of those repurchased Shares during the Year, 2,404,000 repurchased Shares, 1,776,000 repurchased Shares, 4,384,000 repurchased Shares, 1,924,000 repurchased Shares and 1,104,000 repurchased Shares were cancelled by the Company on 21 February 2025, 29 April 2025, 29 July 2025, 20 August 2025 and 15 December 2025 respectively and the issued share capital of the Company was reduced accordingly. As at the date of this announcement, all repurchased Shares during the Year were cancelled.

Details of the repurchase are summarised as follows:

Month	Number of Shares repurchased	Price per Share		Aggregate consideration paid (exclude expenses) HK\$
		Highest HK\$	Lowest HK\$	
January 2025	2,404,000	2.43	2.13	5,457,040
February 2025	1,776,000	2.48	2.24	4,242,000
April 2025	2,612,000	2.60	2.05	6,012,160
May 2025	1,148,000	2.68	2.39	2,907,000
June 2025	1,064,000	2.50	2.23	2,576,160
July 2025	1,484,000	3.24	2.55	4,245,480
August 2025	12,000	2.80	2.79	33,560
September 2025	704,000	2.90	2.70	1,984,800
October 2025	284,000	2.82	2.60	767,240
November 2025	104,000	2.85	2.60	284,480
	<u>11,592,000</u>			<u>28,509,920</u>

The repurchase of the Shares was effected by the Board pursuant to the mandate granted by the shareholders of the Company at the annual general meetings held on 18 June 2024 and 30 June 2025.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025.

DIVIDEND

No interim dividend was paid by the Company for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

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

CLOSURE OF REGISTER

For the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting of the Company (the "AGM"), which is to be held on 30 June 2026, the register of members of the Company will be closed from Thursday, 25 June 2026 to Tuesday, 30 June 2026, both days inclusive and during which period no share transfer will be effected. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, 24 June 2026.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its shareholders as a whole. The Company has adopted the code provisions on Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "CG Code").

For the year ended 31 December 2025, in the opinion of the Directors, the Company had complied with the code provisions as set out in the CG Code except the deviation from code provision C.2.1 of the CG Code.

Currently, Mr. LI Xiangli (“**Mr. Li**”) takes up the roles of both chairman of the Board and chief executive officer (“**CEO**”) of the Company, which is deviated from code provision C.2.1 of the CG Code that requires the roles of chairman and chief executive of the Company should be separate and should not be performed by the same individual. The Board considers that Mr. Li possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. In the opinion of the Directors, through supervision by the Board and the independent non-executive Directors, together with effective control of the Company’s internal check and balance mechanism, the same individual performing the roles of chairman and chief executive can achieve the goal of improving the Company’s efficiency in decision-making and execution and effectively capturing business opportunities. The Board will review the effectiveness of this arrangement from time to time.

The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Company’s employees who, because of their offices or employments, are likely to possess inside information of the Company and/or its securities.

Having made specific enquiry by the Company with all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code regarding directors’ securities transactions throughout the year ended 31 December 2025.

REVIEW OF FINANCIAL STATEMENTS

Audit Committee

The Company has established the audit committee (the “**Audit Committee**”) of the Board in compliance with Rules 3.21 and 3.22 of the Listing Rules. The Audit Committee now comprises three members, namely Ms. LI Hongwei (Chairman of the Audit Committee), Mr. Frédéric HERREN and Dr. XUE Jun, all being the independent non-executive Directors.

The Audit Committee has discussed with the management and reviewed the annual consolidated financial statements of the Group for the year ended 31 December 2025 and this announcement.

Scope of work of Ernst & Young

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 year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company's website at www.hk1586.com, respectively. The annual report of the Company for the year ended 31 December 2025 containing all the information required under the Listing Rules will be despatched to the shareholders of the Company and published on the abovementioned websites in due course.

By Order of the Board
China Leon Inspection Holding Limited
Li Xiangli
Chairman and CEO

Hong Kong, 30 March 2026

As at the date of this announcement, the Board comprises seven Directors:

Executive Directors:

Mr. LI Xiangli (*Chairman and CEO*)
Ms. ZHANG Aiyi (*Vice President*)
Mr. LIU Yi (*Vice President*)
Mr. YANG Rongbing (*Vice Chairman*)

Independent Non-executive Directors:

Mr. Frédéric HERREN
Ms. LI Hongwei
Dr. XUE Jun