Hongxing Coldchain (Hunan) Co., Ltd.

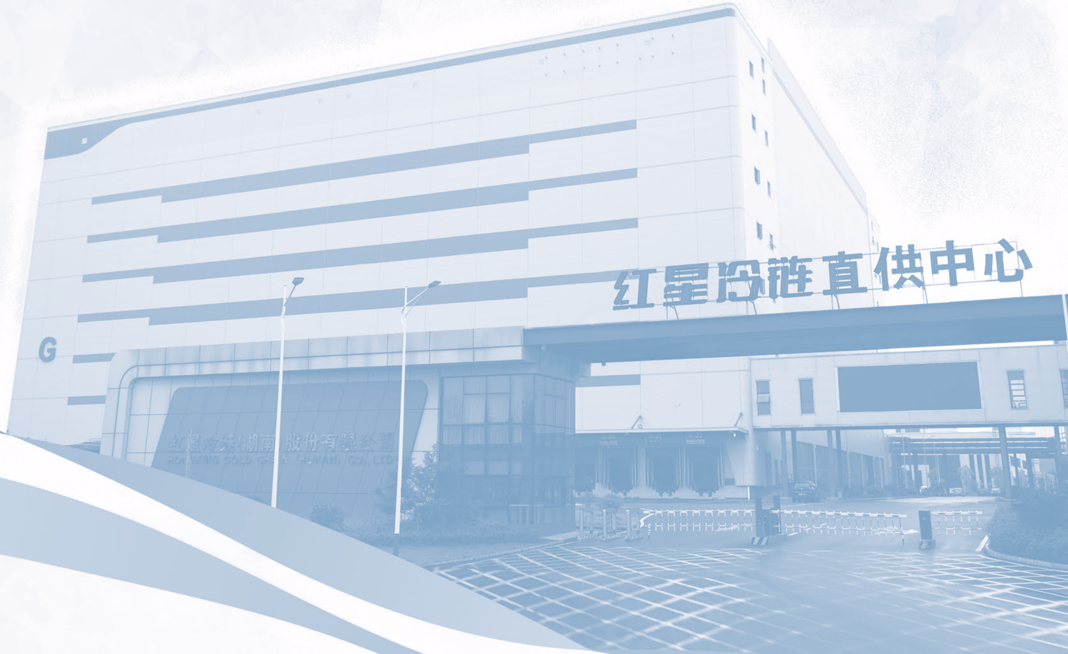
紅星冷鏈（湖南）股份有限公司

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

Stock Code: 01641

Annual Report

2025



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Corporate Information

DIRECTORS

Executive Directors

Mr. ZHANG Mingsheng
Ms. XU Qunying

Non-executive Directors

Mr. LUO Yue *(Chairman of the Board)*
Mr. LI Jun
Ms. LU Fenfang
Mr. ZHANG Zhong

Independent Non-executive Directors

Ms. LI Zhenzhu
Ms. CAI Yanping
Mr. HOW Sze Ming

AUDIT COMMITTEE

Mr. HOW Sze Ming *(Chairperson)*
Ms. CAI Yanping
Ms. LI Zhenzhu

REMUNERATION AND APPRAISAL COMMITTEE

Ms. CAI Yanping *(Chairperson)*
Ms. LI Zhenzhu
Ms. XU Qunying

NOMINATION COMMITTEE

Mr. LUO Yue *(Chairperson)*
Mr. HOW Sze Ming
Ms. LI Zhenzhu

REGISTERED OFFICE

No. 21, Section 1 Huanbao East Road
Yuhua District, Changsha City
Hunan Province, the PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 21, Section 1 Huanbao East Road
Yuhua District, Changsha City
Hunan Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1917, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

HONG KONG LEGAL ADVISERS

DeHeng Law Offices (Hong Kong) LLP
28/F, Henley Building
5 Queen's Road Central
Central, Hong Kong

Room 3507, 35/F, Edinburgh Tower
The Landmark, No. 15 Queen's Road Central
Central, Hong Kong

Room 1111, 11/F, New World Tower I
No. 16–18 Queen's Road Central
Central, Hong Kong

COMPLIANCE ADVISOR

Altus Capital Limited
21 Wing Wo Street, Central
Hong Kong

AUTHORISED REPRESENTATIVES

Ms. XU Qunying
Ms. ZHAN Liling

JOINT COMPANY SECRETARIES

Ms. ZHAN Liling
Mr. YAU Tsz Lun (appointed on 27 March 2026)
Ms. CHONG Wan Kai (resigned on 27 March 2026)

STOCK CODE

HKEX: 1641

COMPANY WEBSITE

http://www.hnhxld.com

PRINCIPAL BANK

Agricultural Bank of China (Hongxing Branch)
Room 105, Hongxing Building
No. 517, Section 2 Xiangfu East Road
Yuhua District, Changsha City
Hunan Province, the PRC

China Minsheng Bank (Xiangzhang Road Branch)
No. 002–005 1F Xiangsong International Commercial Building
No. 259 Shaoshan South Road
Yuhua District, Changsha City
Hunan Province, the PRC

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Hongxing Coldchain (Hunan) Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**"), I am pleased to present to you the annual report of the Group for the year ended 31 December 2025.

2025 was a pivotal year for the Company in strengthening its foundation and accumulating strength for development. All employees fulfilled their duties with dedication and operated prudently, continuously focusing on the core cold chain business and enhancing service quality and operational efficiency. These efforts laid a solid foundation for the Company's successful listing on the Main Board of The Hong Kong Stock Exchange on January 13, 2026, marking a significant milestone in the Company's development journey.

Despite a dynamic macroeconomic environment, the Group demonstrated strong operational resilience and delivered stable financial results in 2025, driven by steady year-on-year revenue growth and robust profitability across our core services. To reward our shareholders for their continued support, the Board is pleased to propose a final cash dividend for the year. Operationally, we continued to optimize our infrastructure. By launching new value-added distribution services, we have significantly improved our operational efficiency and delivered greater value to our customers.

Looking ahead, we will remain true to our original aspirations, uphold robust governance, and stay focused on our core business. To drive high-quality, sustainable development and maximize shareholder value, we will actively pursue several key strategic initiatives. First, we plan to enhance value-added services for customers. By expanding processing infrastructure, centralized procurement, supply chain finance and other means, we will comprehensively strengthen our capabilities in providing value-added services to customers, and on this basis, increase the utilisation rate of storage capacity in our warehousing segment. Additionally, we will promote technology empowerment by continuing to invest in automation, digitalisation and intelligent construction to improve the operational efficiency of our infrastructure, while actively planning for green energy applications to lead technological progress in the industry. Furthermore, to enhance our vertical integration, we also intend to pursue targeted acquisitions and partnerships that will further consolidate our position within the industry ecosystem. Finally, we will expand network coverage by collaborating with regional logistics providers to create a wider, more efficient network that reduces costs and expands our market footprint.

We sincerely thank all shareholders and investors for their trust and steadfast support; all levels of government authorities, regulatory bodies and Hong Kong Stock Exchange for their guidance and support; all customers and partners for their continued collaboration; and above all, every member of our team for their diligence, commitment, and united efforts in propelling the Company into a new chapter in the capital markets.

The Company will remain true to its original aspiration, stay focused on its core business, uphold robust corporate governance, and strive to achieve higher-quality sustainable development. Together, we will continue to build on our momentum, striving for excellence and delivering sustainable, long-term returns for all our shareholders.

LUO Yue
Chairman of the Board

FINANCIAL PERFORMANCE HIGHLIGHTS

	Year ended 31 December			
	2025	2024	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**236,507**	233,576	201,760	236,736
Gross profit	**123,807**	123,379	116,514	118,530
Profit for the year	**76,317**	82,880	75,312	79,112
Earnings per share attributable to ordinary equity holders of the parent (RMB)	**1.02**	1.11	1.00	1.05

FINANCIAL POSITION HIGHLIGHTS

	Year ended 31 December			
	2025	2024	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Non-current assets	**1,048,242**	1,134,724	1,159,233	772,677
Current assets	**175,732**	77,229	129,871	161,930
Total assets	**1,223,974**	1,211,953	1,289,104	934,607
Liabilities				
Non-current liabilities	**241,018**	252,601	184,318	32,057
Current liabilities	**122,230**	134,943	223,257	66,333
Total liabilities	**363,248**	387,544	407,575	98,390
Total Equity	**860,726**	824,409	881,529	836,217

Business Review and Outlook

BUSINESS REVIEW

Overview

We are a frozen food storage services and frozen food space leasing services provider, operating a business model that combines frozen food storage facilities with frozen food space leasing, enabling us to connect wholesalers and retailers within the frozen food supply chain.

Our frozen food storage services

We operate automated temperature-controlled warehouses providing professional frozen food storage services to frozen food wholesalers and retailers. Our facilities feature 24/7 maintenance and support systems, ensuring optimal preservation conditions for our customers' frozen products.

Our frozen food storage facilities feature automation capabilities that enable efficient warehouse management. We provide frozen food storage capacity, related warehouse management services such as goods sorting, categorization and packaging, inventory counting and tracking, inbound and outbound recording, as well as fire safety and environmental risk management, to frozen food wholesalers and retailers. Our warehouses are equipped with electric counterbalance forklifts, standing forklifts and electric hydraulic trucks, among others, for semi-automated frozen food storage and retrieval, and twin-screw compressors for safe and efficient frozen food storage. We utilize our system to ensure seamless processing from receipt and inbound storage to outbound delivery. All frozen food storage information is tracked through our management system. We also equip warehousing staff to manage key steps from receipt and inbound storage to outbound delivery, such as recording and checking storage information, conducting material handling and sorting, and performing quality control procedures for inventories, among others. We are responsible for the utility, repair and maintenance costs of frozen food storage warehouses. To ensure the availability of daily storage capacity, we primarily focus on (1) conducting proactive capacity planning based on predictive analytics trends to prevent shortage of storage capacity, and should the analysis forecast a potential capacity shortage, we then (2) implement layout optimizations to maximize spatial efficiency, for instance, we leverage underutilized or previously unused corner spaces in our warehouses.

Unmanned operations were enabled through the integration of our warehouse management system and transport management system. Key automated processes include automated stacker cranes that autonomously store and retrieve goods, and a continuous loop conveyor system that seamlessly transports items throughout the facility. This automation approach, combined with our customer-centric management philosophy, helps our customers streamline their operations and facilitates their business growth.

Auxiliary Services and Transportation Resources

In connection with our frozen food storage services, we also provide certain auxiliary services to support our customers' operations, primarily including loading services and transportation services.

- *Loading services.* Loading services primarily include unloading goods, transferring inventory, stacking goods within warehouses, relocating stocks for daily operations and loading goods on vehicles. Our customers are required to use our loading and unloading services. All machinery and devices used in providing loading and unloading services are owned by us. In addition to our own employees responsible for loading services, we also engage third-party service providers who primarily deliver services of unloading goods, and assist in warehouse stacking and vehicle loading. Our own employees handle inspection, invoicing, warehousing, transfer, storage adjustments, and outbound shipping. The operations of transfer and storage adjustments encompass the re-handling and repositioning of goods to fulfill customer-directed goals such as first-in-first-out, improved outbound efficiency, or enhanced warehouse utilization.

- *Transportation resources.* We have connected our customers with various third-party providers since 2018 to provide temperature-controlled transportation services to expand the reach of our customers' operation while ensuring the optimal quality and freshness of products. We select transportation service partners based on their trucks' temperature control system and hygienic conditions, personnel qualifications, and compliance with safety and regulatory standards. We regularly assess their operational efficiency, safety record and customer feedback to ensure reliable frozen food transportation while maintain frozen food quality and hygiene. In addition, we also launched frozen food sorting and dispatch services in March 2025. Our frozen food logistics sorting and dispatch services combine sorting, temperature-controlled packaging, and last-mile distribution to deliver products directly to final destinations.

- *Inventory management consulting services.* Leveraging data analytics, we also provide inventory management consulting services for our frozen food storage customers to help them optimize stock levels, reduce carrying costs, and improve overall operational efficiency. These services include primarily warehouse layouts optimization and storage safety protocols implementation. We provide inventory management consulting services as part of our frozen food storage services and do not separately charge our customers for such services.

Our frozen food space leasing services

The premises for our frozen food space leasing services serve as a central hub for various participants in the frozen food industry, including frozen food wholesalers and retailers. With over 18 years' experience in China's cold chain service industry, we have established ourselves as a go-to choice for frozen food trading in Changsha, Hunan province.

Our premises for frozen food space leasing services connect upstream frozen food wholesalers and retailers with downstream retailers and consumers, serving as a regional hub for frozen food distribution, with customers distributing frozen food products to supermarkets, processing plants and farmers' markets in various provinces. We leased out trading space to our customers. In addition, we also provide ancillary leasing services to support their operations, including offices, dormitories, advertising space, temporary venues and EV charge stations. For trading space leasing, we charge rental fees from our customers. We neither participate in any customer transactions or settlements nor charge any commissions from transactions that take place at our market place. We charge our space leasing customers rental fees for trading space leasing, including monthly trading space rental fees and monthly premium. The prices of our monthly trading space rental fees are mainly based on the floor where the space is located and the specific locations of the space on each floor. Depending on the specific location of the trading space, we generally also charge customers a monthly premium in addition to the monthly trading space rental fees. Our customers are prohibited from assigning or subletting trading space without our consent.

To maintain sufficient leasing space, we primarily focus on (1) implementing dynamic space management protocols to maximize utilization efficiency of existing trading spaces, (2) conducting annual reviews of our customer portfolio to optimize trading space allocation, and (3) performing regular capacity-demand analyzes to proactively identify and address potential space constraints.

Automation technology and Information network

We aim to implement automation frozen food storage technologies to accelerate our internal digitalization, building an operating chain that empowers each step of our operations. We believe that more modern and consistently maintained facilities enhance prospects of winning new customers, retaining existing customers, driving more efficient operations, and improving profitability. In August 2024, we completed the construction of the automated frozen food storage warehouses under our expansion project, the Phase V Expansion Project, at our southern base in Changsha, featuring advanced automated storage infrastructure, professional and reliable service capabilities and top-notch equipment. Leveraging automatic conveyor lines, high-bay racks and stackers, our system can automatically plan storage paths based on product type and weight, significantly improving warehousing efficiency.

We place strong emphasis on data as the foundation of our digital operations. We have developed a warehouse management system, which utilizes data, such as inbound and outbound volume and type of frozen food products, to conduct data analysis, improving the efficiency of our operations and reducing costs through refined operations management. The system also records financial data relating to our frozen food storage services and frozen food space leasing, enabling continuous tracking of expenses and identification of improvement opportunities. In addition, we have also developed a transportation management system which tracks the entire process from customer transportation orders to the delivery of their frozen food products, achieving closed-loop control and management.

BUSINESS OUTLOOK

OUTLOOK

2026 is the first year after the successful listing of our H Shares (the "**H Shares**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Looking forward, we will continue to pursue the following strategies which will drive further growth.

Expand and Enhance Our Service Offerings

Looking ahead, the Group will continue to expand and enhance our service offerings to address our customers' evolving demands. We plan to expand into frozen food processing services to drive greater value and market growth by constructing a new processing plant to provide value-added services such as cutting, portioning, thawing, quick-freezing, sterilization and vacuum packaging of unprocessed frozen food into semi-finished or finished products. Operating a frozen food processing business does not require specialized expertise beyond an experienced workforce, and we believe this expansion is a natural extension of our frozen food storage expertise, enabling additional value-added services and strengthening our competitiveness.

We are pursuing this expansion because it is a natural and strategic extension of our frozen food storage services and frozen food space leasing services, driven by market opportunities. Among our over 700 frozen food storage customers, many have indicated their need for processing services. With the new facilities located near our existing storage and trading spaces, the three facilities will operate collaboratively to simplify logistics, reduce coordination needs and lower operation costs. To execute this strategy, we will construct a new processing plant and expand our southern base, increasing total usable storage capacity by approximately 8.7%, with construction expected to be completed by the end of 2028 and full equipment deployment by the end of 2029.

Invest in AI Technology to Empower Our Operations and Customers

We believe AI technology is transforming the cold chain industry by improving precision, automation and intelligence, and we plan to upgrade our equipment, IT infrastructure and software to enhance efficiency and reduce manual labor while providing customers with digital tools for better operational visibility.

We plan to recruit engineers and technicians to support these upgrades, which will include a cloud system combining on-site and online data storage, industrial-grade 5G and enhanced Wi-Fi, AGV forklift robots, sorting and palletizing machines, AI-powered cameras and alerts, and automated data analysis systems to track equipment performance, storage level and energy use. To benefit our customers, we plan to develop a mobile app for order and storage management and implement live dashboards for monitoring storage conditions and shipment status, aiming to streamline processes, improve service quality and drive innovation in the industry.

Pursue Strategic Acquisitions and Partnerships to Enhance Industry Integration

We plan to pursue strategic acquisitions and partnerships to enhance our industry integration and strengthen our position within the cold chain ecosystem. By forming alliances with upstream logistics service providers and downstream prepared food manufacturers, we aim to extend our vertical integration capabilities and improve supply chain control. Over the next four years, we intend to select two to three acquisition targets with at least ten years of operating history and enterprise values between RMB100 million and RMB200 million, generally acquiring majority interests in the targets. We believe there are sufficient potential targets in the market, with over 100 candidates meeting our criteria.

Expand Our Market Reach

We plan to integrate and expand our logistics resources to meet growing market demand and broaden our customer base. By collaborating with local cold chain logistics providers in surrounding areas, we aim to create a wider logistics network that enables resource and information sharing, reduces costs, and improves operational efficiency. We expect these strategic collaborations to enhance our market competitiveness by improving service quality, lowering operating costs, and expanding our market reach.

REVENUE

Total revenue was approximately RMB236.5 million for the year ended 31 December 2025, representing an increase of 1.3% from approximately RMB233.6 million for the year ended 31 December 2024. The increase was primarily due to the increase in revenue from our frozen food storage services and gross rental income generated from investment property leasing services. The following table sets forth a breakdown of our revenue by business line for the periods indicated:

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Frozen food storage services	**161,906**	160,018
Leasing services	**47,563**	42,379
Loading services	**23,825**	25,805
Others[(1)]	**3,213**	5,374
Total	**236,507**	233,576

(1) Others primarily include miscellaneous income relevant to our primary business operations, such as parking lot service fees from our transportation partners, frozen food storage services customers and frozen food space leasing customers, for the access of parking lot space provided by us, charged primarily as hourly fees, and operation service fees charged to third-party transportation service providers, all in connection with our frozen food storage business. In addition, we also launched frozen food sorting and dispatch services in March 2025, for which we charge fee based on the weight of the frozen food handled, with minimal revenue contribution in 2025. In connection with our frozen food storage business, our frozen food logistics sorting and dispatch services combine sorting, temperature-controlled packaging, and last-mile distribution to deliver products directly to final destinations.

Cost of Sales

Our cost of sales increased by 2.3% from approximately RMB110.2 million for the year ended 31 December 2024 to approximately RMB112.7 million for the year ended 31 December 2025. The increase was primarily due to the completion of construction of warehouse H of our frozen food storage facilities under the Phase V Expansion Project in August 2024, which led to the overall increases in relevant depreciation and amortization.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 0.3% from approximately RMB123.4 million for the year ended 31 December 2024 to approximately RMB123.8 million for the year ended 31 December 2025. Our gross profit margin decreased slightly to 52.3% for the year ended 31 December 2025 from 52.8% for the year ended 31 December 2024.

Other Income and Gains

Our other income and gains decreased by 34.9% from approximately RMB9.7 million for the year ended 31 December 2024 to approximately RMB6.3 million for the year ended 31 December 2025, primarily due to the decrease in interest income.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 43.2% from approximately RMB0.6 million for the year ended 31 December 2024 to approximately RMB0.4 million for the year ended 31 December 2025, primarily due to the decrease in other miscellaneous expenses incurred in our sales and marketing initiatives.

Administrative Expenses

Our administrative expenses decreased by 8.1% from approximately RMB20.0 million for the year ended 31 December 2024 to approximately RMB18.4 million for the year ended 31 December 2025. The decrease in our administrative expenses is primarily due to the decrease in employee benefit expenses.

Research and Development Expenses

Our research and development expenses increased by 28.8% from approximately RMB1.1 million for the year ended 31 December 2024 to approximately RMB1.4 million for the year ended 31 December 2025, primarily due to the increase in the expenses in furthering our quality control technologies and initiatives.

Finance costs

Our finance costs increased by 260.1%, from approximately RMB1.2 million for the year ended 31 December 2024 to approximately RMB4.2 million for the year ended 31 December 2025, as no interest was capitalised for the year ended 31 December 2025, whereas RMB3.6 million of interest expenses were capitalised for the year ended 31 December 2024.

Income tax expense

Our income tax expenses decreased by 4.9% from approximately RMB28.4 million for the year ended 31 December 2024 to approximately RMB27.0 million for the year ended 31 December 2025. The decrease in our income tax expense was primarily due to the change in current tax expenses from approximately RMB28.9 million for the year ended 31 December 2024 to approximately RMB26.9 million for the year ended 31 December 2025 in line with the decreased profit before tax.

Profit for the year

As a result of the foregoing, our profit for the year decreased by 7.9% from a net profit of approximately RMB82.9 million for the year ended 31 December 2024 to a net profit of approximately RMB76.3 million for the year ended 31 December 2025.

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, we also use adjusted profit (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS Accounting Standards.

We believe these non-IFRS measures facilitate comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items and provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they helped our management. However, our presentation of adjusted profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted profit (non-IFRS measure) has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards. We define adjusted net profit (non-IFRS measure) as profit for the year adjusted for listing expenses. Listing expenses are related to the Global Offering.

The following table reconciles our adjusted net profit (non-IFRS measure) for the year presented in accordance with IFRS Accounting Standards, which is profit for the year.

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Profit for the year	**76,317**	82,880
Add:		
— Listing expenses	**997**	—
Adjusted net profit (non-IFRS measure)	**77,314**	82,880

Adjusted net profit (non-IFRS measure) for the year ended 31 December 2025 amounted to approximately RMB77.3 million, representing a decrease of 6.7% as compared to approximately RMB82.9 million in 2024.

Liquidity and Capital Resources

The Group has adopted a prudent liquidity management policy. During the year ended 31 December 2025, we funded our cash requirements principally through cash generated from our operations. As of 31 December 2025, the Group's cash and cash equivalents amounted to approximately RMB93.8 million, representing an increase of 160.5% compared to approximately RMB36.0 million as of 31 December 2024.

Interest-bearing bank borrowings

We obtained bank borrowings for financing our Phase V Construction Project. Our bank borrowings amounted to approximately RMB204.3 million as of 31 December 2025, representing a 2.0% decrease from approximately RMB208.5 million as of 31 December 2024, primarily due to the repayment of approximately RMB4.2 million in bank borrowings during the year ended 31 December 2025. As of 31 December 2025, our bank borrowings were secured by certain of our property, plant and equipment and right-of-use assets. For details of the interest-bearing bank borrowings, please refer to Note 23 to the Group's consolidated financial statements.

Gearing Ratio

As at 31 December 2025, the Group's gearing ratio, which is calculated based on total liabilities divided by total equity, was 42.2%, as compared with 47.0% as at 31 December 2024.

Foreign Currency Risk

During the year ended 31 December 2025, we operated mainly in the PRC with most of the transactions settled in Renminbi. We seek to limit our exposure to foreign currency risk by minimizing our net foreign currency position. We consider that our business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of ours are denominated in the currencies other than the respective functional currencies of our entities, so that we do not hedge against any fluctuation in foreign currency.

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

During the year ended 31 December 2025, we did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures. As of 31 December 2025, the Group did not hold any significant investments (including significant investments which accounted for 5% or more of the total assets of the Group).

Future Plans for Material Investments and Capital Assets

As at 31 December 2025, save as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus and further explained in section headed "Use of Net Proceeds" below, the Group had no future plan for material investments or capital assets.

Pledge of Assets

As at 31 December 2025, certain property, plant and equipment and right-of -use assets with a net carrying amount of approximately RMB350 million and RMB34.7 million, compared with approximately RMB385 million and RMB60.7 million as at 31 December 2024, were pledged as security for bank facilities granted to the Group.

Contingent Liabilities

As of 31 December 2025, we had no material contingent liabilities.

Capital Expenditure and Commitments

Our capital commitments are mainly related to our construction in progress. Our capital commitments amounted to approximately RMB0.7 million as at 31 December 2025, compared with approximately RMB4.5 million as at 31 December 2024.

Our capital expenditures primarily represented our purchases of property, plant and equipment, investment properties. Our capital expenditures amounted to approximately RMB2.0 million for the year ended 31 December 2025, compared with approximately RMB124.5 million for the year ended 31 December 2024. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions, regulatory environment and other factors we believe to be appropriate.

Employee and Remuneration Policy

As of 31 December 2025, we had a total of 349 employees (as of 31 December 2024: 363 employees). The total employee remuneration expenses for the year ended 31 December 2025 (excluding Directors', chief executive's and supervisors' remuneration), were approximately RMB39.8 million, as compared to approximately RMB40.6 million for the year ended 31 December 2024.

Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. The remuneration policy will be reviewed by the Board from time to time. In addition to basic remuneration, the Group also makes contributions to mandatory social security funds for the benefit of the PRC employees that provide for retirement insurance, medical insurance, unemployment insurance, maternity insurance, occupational injury insurance and housing funds. All of the full-time employees are paid a fixed salary and may be granted other allowances, based on their positions. Those who meet or exceed their performance expectation will also be rewarded discretionary bonuses. We also provide comprehensive training programs to our employees to meet their various development needs, including leadership development programs, upskills programs, and on-the-job trainings.

Directors and Senior Management

Our Board of Directors (the "**Board**") consists of nine Directors, comprising two executive Directors, four non-executive Directors and three independent non-executive Directors.

EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS

Mr. LUO Yue (羅躍), aged 55, is our chairman of the Board and our non-executive Director. He joined our Company in October 2006 and has been a Director since then. Mr. Luo is primarily responsible for the overall strategic planning, business direction and management of our Group. Mr. Luo also serves as a director of our subsidiary, Hongxing Beisheng since June 2012.

Since October 2005, Mr. Luo has successively served as general manager, vice-chairman of the board and chairman of the board at Hongxing Shiye, the Controlling Shareholder of our Company and a limited company engaged in agricultural products circulation, processing and trading. Since July 2015, Mr. Luo has served as chairman of the board at Hunan Hongxing Market Agricultural Products Co., Ltd. (湖南紅星大市場農產品有限公司), a limited company engaged in agricultural products and flowers wholesale. Since March 2003, Mr. Luo has served as a director at Hunan Hongxing International Exhibition Co., Ltd. (湖南紅星國際展覽有限公司), a limited company engaged in exhibition organization, conference services and related services. Since April 2008, Mr. Luo has served as a director at Hunan Taskin Investment Co., Ltd. (湖南德思勤投資有限公司), a limited company engaged in real estate development and operation and property management. Since December 2023, Mr. Luo has also served as a director at ABC International Investment Management (Xiong'an Hebei) Co., Ltd. (農銀國際投資管理(河北雄安)有限公司), a limited company engaged in investment management services. All the aforementioned companies are subsidiaries of Hongxing Shiye, except for ABC International Investment Management (Xiong'an Hebei) Co., Ltd., which is an Independent Third Party and Hongxing Shiye only holds 5% minority interest in such company.

Mr. Luo also served as (1) a director at Hunan Hongxing Shengye Food Co., Ltd. (湖南紅星盛業食品股份有限公司), a limited company engaged in livestock slaughtering and processing of meat products and by-products, from April 2010 to March 2024; (2) a director at Hunan Hongxing Qiangu Microfinance Co., Ltd. (湖南紅星錢穀小額貸款有限公司), a limited company engaged in issuance of small loans and provision of financial consulting, from August 2013 to October 2022; (3) a director at Hunan Shengyi Garden Real Estate Investment Co., Ltd. (湖南省聖毅園置業投資有限責任公司), a limited company engaged in real estate investment, from November 2007 to December 2022; (4) a director at Hunan Hongxing Xuri Investment Co., Ltd. (湖南紅星旭日投資有限公司), a limited company engaged in investment management, from July 2011 to October 2022; (5) a director at Hunan Hongxing Shengkang Oil Co., Ltd. (湖南紅星盛康油脂股份有限公司), a limited company engaged in production and sales of oil tea, from December 2010 to June 2022; (6) chairman of the board at Hunan Hongxing Xuri Pawn Co., Ltd. (湖南紅星旭日典當有限公司), a limited company engaged in pledge and pawn of movable properties, from June 2011 to February 2021; (7) a director at Hunan Tianxing Property Development Co., Ltd. (湖南天興物業發展有限公司), a limited company engaged in property management, from July 2006 to March 2019; (8) a director at Hunan Lier Printed Circuit Board Co., Ltd. (湖南利爾電路板有限公司), a limited company engaged in manufacturing and sales of electronic components, from May 2008 to January 2019. All the aforementioned companies are subsidiaries of Hongxing Shiye, except for Hunan Lier Printed Circuit Board Co., Ltd., an Independent Third Party.

Mr. Luo graduated from Hunan University (湖南大學) in July 2014 with a master's degree in business administration. Mr. Luo was certified as a senior economist by Hunan Provincial Department of Human Resources (湖南省人事廳) and obtained senior business administration qualification by Hunan Provincial Department of Human Resources and Social Security (湖南省人力資源和社會保障廳) in December 2001 and November 2013, respectively.

Mr. LI Jun (李俊), aged 45, is our vice chairman of the Board and our non-executive Director. He joined our Company in January 2014 and has been a Director since November 2017. Mr. Li is primarily responsible for the overall strategic planning, business direction and management of our Group.

Mr. Li has served as (1) a director at Hongxing Commercial Operation Management (Hunan) Co., Ltd. (紅星商業運營管理(湖南)股份有限公司), a limited company engaged in project operations management, since July 2024; (2) a director at Hongxing Elephant Supply Chain (Hunan) Co., Ltd. (紅星大象供應鏈(湖南)有限公司), a limited company engaged in multimodal transportation and freight forwarding, since July 2024; (3) chairman of the board and general manager at Hunan Hongxing Xuri Pawn Co., Ltd. (湖南紅星旭日典當有限公司) since February 2021; (4) chairman of the board at Hunan Hongxing Xuri Investment Co., Ltd. (湖南紅星旭日投資有限公司), a limited company engaged in pledge and pawn of movable properties, since March 2019; (5) a director at Hunan Hongxing ShengKang Oil Co., Ltd. (湖南紅星盛康油脂股份有限公司) since December 2018; (6) a director at Hunan Hongxing International Exhibition Co., Ltd. (湖南紅星國際展覽有限公司), a limited company engaged in exhibition organization, conference services and related services, since May 2018; (7) chairman of the board at Hunan Hongxing Qiangu Microfinance Co., Ltd. (湖南紅星錢穀小額貸款有限公司), a limited company engaged in issuance of small loans and provision of financial consulting, since August 2017; (8) a director at Hunan Hongxing Market Agricultural Products Co., Ltd. (湖南紅星大市場農產品有限公司), a limited company engaged in agricultural products and flowers wholesale, since July 2015; (9) a director at Hunan Hongxing Shengye Food Co., Ltd. (湖南紅星盛業食品股份有限公司), a limited company engaged in livestock slaughtering and processing of meat products and by-products, since August 2014; (10) a director at Hunan Tianxing Property Development Co., Ltd. (湖南天興物業發展有限公司), a limited company engaged in property management, since December 2014. All the aforementioned companies are subsidiaries of Hongxing Shiye. He has successively served as director of operations management department, deputy general manager and director at Hongxing Shiye since June 2005.

From February 2017 to March 2020, he served as a director at Yiyang Zhaofeng Agriculture and Animal Husbandry Technology Co., Ltd. (益陽兆豐農牧科技有限公司), a limited company engaged in livestock and poultry production and operation. From November 2018 to March 2020, he served as a director at Hunan Camellia Oil Co., Ltd. (湖南省茶油有限公司), a limited company engaged in camellia oil production and wholesale. From October 2018 to January 2019, he served as a director at Hunan Lier Printed Circuit Board Co., Ltd. (湖南利爾電路板有限公司), a limited company engaged in manufacturing and sales of electronic components. From March 2018 to November 2019, he served as a director at Hunan Hongxing Modern Real Estate Development Co., Ltd. (湖南紅星現代置業發展有限責任公司), a limited company engaged in commercial real estate development. From November 2014 to August 2024, he served as a director at Hunan Shengyi Garden Real Estate Investment Co., Ltd. (湖南省聖毅園置業投資有限責任公司), a limited company engaged in real estate investment. All the aforementioned companies are Independent Third Parties, except for Yiyang Zhaofeng Agriculture and Animal Husbandry Technology Co., Ltd. and Hunan Shengyi Garden Real Estate Investment Co., Ltd., which are subsidiaries of Hongxing Shiye.

Mr. Li graduated from Hunan Normal University (湖南師範大學) in June 2014 with a bachelor's degree in economics through self-study examination program.

Mr. ZHANG Mingsheng (張明生), aged 72, is our executive Director. He joined our Company in October 2006 and has been a Director since June 2021. He is primarily responsible for providing reference and assistance for the overall operations and major decisions of our Company.

Mr. Zhang Mingsheng served as our general manager since joining our Company until December 2023.

Prior to joining our Group and after he completed secondary school, from November 1972 to January 1994, Mr. Zhang Mingsheng successively served as a refrigeration technician, workshop associate director, workshop director and head of equipment section at Changsha Refrigeration Factory (長沙冷凍加工廠) (currently known as Changsha Jinlong Frozen Food Logistics Co., Ltd. (長沙金龘冷藏食品物流有限公司)), a company engaged in freezing and refrigeration. From January 1994 to December 2007, he successfully served as the party secretary of the second party branch and the factory director of the frozen factory at Changsha Wulipai Meat Joint Processing Co., Ltd. (長沙五里牌肉類聯合加工有限責任公司), a limited company engaged in freezing and refrigeration. All the aforementioned companies are Independent Third Parties.

Ms. XU Qunying (許群英), aged 47, is our executive Director, deputy general manager and chief financial officer. She joined our Company in and has served as deputy general manager and chief financial officer since October 2006 and has served as a Director since November 2017. Ms. Xu is primarily responsible for the corporate finance matters of our Group.

Prior to joining our Group, from April 1998 to July 1998, Ms. Xu served as a staff at Hunan Friendship Apollo Holding Co., Ltd. (湖南友誼阿波羅股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002277) principally engaged in commercial retail business. From June 2000 to July 2002, she served as a staff at Changsha Haier Industry and Trade Co., Ltd. (長沙海爾工貿有限公司), a limited company engaged in home appliance sales. All the aforementioned companies are Independent Third Parties.

Ms. Xu obtained a college diploma from Huazhong University of Science and Technology (Wuhan) (華中科技大學(武漢)) in financial accounting through correspondence education in June 2003. She also graduated from Hunan Institute of Engineering (湖南工程學院) with a bachelor's degree in accounting through correspondence education in July 2014.

Ms. Xu was certified as a tax advisor and a management accountant by China Certified Tax Agents Association (中國註冊稅務師協會) and China Chief Financial Officers Association (中國總會計師協會) in December 2022 and March 2023, respectively.

Ms. LU Fenfang (陸芬芳), aged 43, is our non-executive Director. She has been a Director since December 2019. Ms. Lu is primarily responsible for the overall strategic planning, business direction and management of our Group.

Ms. Lu has served as (1) a director at Hongxing Commercial Operation Management (Hunan) Co., Ltd. (紅星商業運營管理(湖南)股份有限公司), a limited company engaged in business management consulting services, since June 2022; (2) a director at Hunan Hongxing Xuri Pawn Co., Ltd. (湖南紅星旭日典當有限公司), a limited company engaged in pledge and pawn of movable properties, since February 2021; (3) a supervisor at Hunan Hongxing Qiangu Microfinance Co., Ltd. (湖南紅星錢穀小額貸款有限公司), a limited company engaged in issuance of small loans and provision of financial consulting, since June 2019; (4) a director at Hongxing Agricultural Products Supply Chain Management (Hunan) Co., Ltd. (紅星農產品供應鏈管理(湖南)股份有限公司), a limited company engaged in fresh agricultural product supply chain (vegetables and fruits), since April 2019; (5) a supervisor at Hunan Taskin Investment Co., Ltd. (湖南德思勤投資有限公司), a limited company engaged in real estate development and operation and property management, since February 2019; (6) a director at Hunan Hongxing Market Agricultural Products Co., Ltd. (湖南紅星大市場農產品有限公司), a limited company engaged in agricultural products and flowers wholesale, since January 2019; (7) a supervisor at Changsha Hongxing Dingtai Real Estate Development Co., Ltd. (長沙市紅星鼎泰房地產開發有限公司), a limited company engaged in real estate development and operation, since July 2019; (8) a supervisor at Hunan Tianxing Property Development Co., Ltd. (湖南天興物業發展有限公司), a limited company engaged in property management, since March 2019; (9) a director at Hunan Hongxing Shengye Food Co., Ltd. (湖南紅星盛業食品股份有限公司), a limited company engaged in livestock slaughtering and processing of meat products and by-products, since December 2018; (10) a director at Hunan Hongxing Shengkang Biotechnology Co., Ltd. (湖南紅星盛康生物科技有限公司), a limited company engaged in agricultural scientific research, since December 2018; (11) a supervisor at Hunan Hongxing International Exhibition Co., Ltd. (湖南紅星國際展覽有限公司), a limited company engaged in exhibition organization, conference services and related services, since December 2018; (12) a supervisor at Changsha Hongxing Junhe Property Management Co., Ltd. (長沙紅星君和物業管理有限公司), a limited company engaged in property management, since December 2018; (13) a director at Hunan Hongxing ShengKang Oil Co., Ltd. (湖南紅星盛康油脂股份有限公司), a limited company engaged in production and sales of oil tea, since December 2019; (14) a director at Hongxing Elephant Supply Chain (Hunan) Co., Ltd. (紅星大象供應鏈(湖南)有限公司), a limited company engaged in multimodal transportation and freight forwarding, since March 2025; (15) a director at Yiyang Zhaofeng Agriculture and Animal Husbandry Technology Co., Ltd. (益陽兆豐農牧科技有限公司), a limited company engaged in livestock and poultry production and operation, since March 2025. She has successively served as an assistant accountant in the finance department, head of the finance department director of the planning finance department, director and deputy general manager at Hongxing Shiye since July 2003. From November 2018 to August 2024, she also served as a director at Hunan Shengyi Garden Real Estate Investment Co., Ltd. (湖南省聖毅園置業投資有限責任公司), a limited company engaged in real estate investment. All the aforementioned companies are subsidiaries of Hongxing Shiye.

From November 2018 to September 2020, Ms. Lu served as a supervisor at Yiyang Zhaofeng Agriculture and Animal Husbandry Technology Co., Ltd. (益陽兆豐農牧科技有限公司), which is a subsidiary of Hongxing Shiye and a limited company engaged in livestock and poultry production and operation.

Ms. Lu graduated from Central South University of Forestry and Technology (中南林業科技大學) in June 2009 with a bachelor's degree in accounting. Ms. Lu was certified as an intermediate accountant and senior accountant by Hunan Provincial Department of Human Resources and Social Security (湖南省人力資源和社會保障廳) in May 2010 and December 2024, respectively.

Mr. ZHANG Zhong (張中), aged 34, is our non-executive Director. He has been serving as a Director since June 2021. Mr. Zhang Zhong is primarily responsible for the overall strategic planning, business direction and management of our Group.

Mr. Zhang Zhong has served as (1) a director at Hunan Hongxing ShengKang Oil Co., Ltd. (湖南紅星盛康油脂股份有限公司), a limited company engaged in production and sales of oil tea, since March 2025; (2) a director at Hongxing Commercial Operation Management (Hunan) Co., Ltd. (紅星商業運營管理(湖南)股份有限公司), a limited company engaged in business management consulting services, since March 2025; (3) a director at Hongxing Agricultural Products Supply Chain Management (Hunan) Co., Ltd. (紅星農產品供應鏈管理(湖南)股份有限公司), a limited company engaged in fresh agricultural product supply chain (vegetables and fruits), since December 2024; (4) the chairman of the board of director at Apstar Number (Hunan) Technology Co., Ltd. (阿普星數(湖南)科技有限公司), a limited company engaged in software development and information technology services, since September 2025. All the aforementioned companies are subsidiaries of Hongxing Shiye. He has also successively served as a permit application supervisor and deputy general manager at Hongxing Shiye since June 2016.

From March 2016 to May 2016, Mr. Zhang Zhong served as a project manager at Hunan Hongxing International Exhibition Co., Ltd. (湖南紅星國際展覽有限公司), a limited company engaged in exhibition organization, conference services and related services and a subsidiary of Hongxing Shiye. He also served as our secretary of the Board and our deputy general manager from July 2018 to December 2023 and from May 2021 to December 2023, respectively. From July 2024 to March 2025, Mr. Zhang Zhong also served as a director at Hongxing Elephant Supply Chain (Hunan) Co., Ltd. (紅星大象供應鏈(湖南)有限公司), a limited company engaged in supply chain management services and import and export of goods and a subsidiary of Hongxing Shiye.

Prior to joining our Group, from July 2013 to February 2016, Mr. Zhang Zhong served as a TCL university training program specialist at TCL Technology Group Corporation (TCL科技集團股份有限公司), a limited company engaged in the production, R&D, and sales of semiconductors, electronic products and communication equipment, whose shares are listed on the Shenzhen Stock Exchange (stock code: 000100.SZ), and an Independent Third Party.

Mr. Zhang Zhong graduated from Xiangnan University (湘南學院) in June 2013 with a bachelor's degree in education.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. LI Zhenzhu (李珍珠), aged 46, is an independent non-executive Director. She joined our Group as a Director since December 2019. She is primarily responsible for providing independent advice on the operations and management of our Group and has not performed any management functions of the Group during her tenure.

Ms. Li has served as a first-class partner attorney at Hunan Xiangjunluhe Law Firm (湖南湘軍麓和律師事務所), an Independent Third Party, since January 2019.

From May 2001 to December 2008, Ms. Li served as a lawyer at Hunan Huanhai Law Firm (湖南環海律師事務所), an Independent Third Party. From January 2009 to December 2012, Ms. Li served as a lawyer at Hunan Tian Di Ren Law Firm (湖南天地人律師事務所), an Independent Third Party. From January 2013 to January 2019, Ms. Li served as a senior partner and lawyer at Shanghai Co-Effort (Changsha) Law Firm (上海協力(長沙)律師事務所), an Independent Third Party.

Ms. Li graduated from Xiangtan University (湘潭大學) in December 2002 with a bachelor's degree in law, from Hunan University (湖南大學) in December 2007 with a master's degree in law, and from Indiana University in the U.S. in December 2012 with a master's degree in law.

Ms. Li obtained a lawyer qualification certificate of the PRC (中華人民共和國律師資格證書) by Lawyer Qualification Review Committee of the Ministry of Justice of the PRC (中華人民共和國司法部律師資格審查委員會) in May 2000.

Ms. CAI Yanping (蔡艷萍), aged 53, is an independent non-executive Director. She joined our Group as a Director since December 2019. She is primarily responsible for providing independent advice on the operations and management of our Group and has not performed any management functions of the Group during her tenure.

Since April 1996, Ms. Cai has successively served as teaching assistant, lecturer, associate professor, course professor, director of the politics and business center at Hunan University (湖南大學).

From May 2016 to September 2022, Ms. Cai served as independent director at Hunan Huasheng Co., Ltd. (湖南華升股份有限公司), a limited company engaged in the R&D, manufacturing and sales of ramie and blended yarns, fabrics, dyed fabrics, clothing, and other textiles and chemical fiber products, whose shares are listed on the Shanghai Stock Exchange (stock code: 600156.SH) and an Independent Third Party.

Ms. Cai graduated from Hunan University (湖南大學) with a doctoral degree in management in October 2014.

Ms. Cai was certified as an associate professor by Hunan Provincial Department of Human Resources (湖南省人事廳) in May 2006, a course professor by the Business School of Hunan University (湖南大學工商管理學院) in September 2013, and an independent director by the Shanghai Stock Exchange (上海證券交易所) in May 2016.

Mr. HOW Sze Ming (侯思明), aged 48, is an independent non-executive Director. He joined our Group as an independent non-executive Director since June 2025. He is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. How has over 20 years of experience in financing, accounting, investment banking and assurance and advisory industries. He has served as managing director at Patrons Capital Limited since April 2022. Mr. How previously served as (1) a senior associate at PricewaterhouseCoopers from September 1999 to July 2002; (2) an assistant manager at Tai Fook Capital Limited (currently known as Haitong International Capital Limited) from July 2002 to December 2004; (3) an assistant vice president at CCB International Capital Limited from December 2004 to May 2006; (4) an assistant vice president at ICEA Capital Limited from May 2006 to March 2009; (5) an assistant vice president at ICBC International Holdings Limited from April 2009 to February 2010; (6) managing director at CMB International Capital Corporation Limited from February 2010 to June 2015; (7) as managing director at Zhaobangji International Capital Limited (currently known as Yi Shun Da Capital Limited) from July 2015 to January 2016; (8) head of corporate finance department at Southwest Securities (HK) Capital Limited from February 2016 to September 2021. All the aforementioned companies are Independent Third Parties.

Mr. How currently serves as an independent director of Insight Lifetech Co., Ltd. (深圳北芯生命科技股份有限公司) since July 2021, the shares of which were listed on the Shanghai Stock Exchange in January 2026 (stock code: 688712.SH). He has also served as an independent non-executive director of Watts International Maritime Company Limited (stock code: 2258.hk) since October 2018. He served as independent non-executive director of eight listed companies previously, namely (1) QPL International Holdings Limited (stock code: 243.hk) from September 2013 to September 2016, (2) Odella Leather Holdings Limited (currently known as Million Stars Holdings Limited) (stock code: 8093.hk) from February 2015 to March 2017, (3) World-Link Logistics (Asia) Holding Limited (stock code: 6083.hk) from December 2015 to October 2024; (4) Forgame Holdings Limited (stock code: 484.hk) from January 2016 to April 2020, (5) Shanghai Zendai Property Limited (stock code: 755.hk) from May 2017 to January 2021, (6) 1957 & Co. (Hospitality) Limited (stock code: 8495.hk) from December 2017 to August 2022, (7) Ruicheng (China) Media Group Limited (stock code: 1640.hk) from October 2019 to June 2024 and (8) Huashi Group Holdings Limited (stock code: 1111.hk) from November 2023 to June 2025. All the aforementioned companies are Independent Third Parties.

Mr. How graduated from The Chinese University of Hong Kong with a bachelor's degree in professional accountancy in May 1999.

Mr. How became an associate member of Hong Kong Institute of Certified Public Accountants in February 2005 and a senior member of the Association of Chartered Certified Accountants in March 2003.

SENIOR MANAGEMENT

Mr. XU Huazhong (許華忠), aged 52, is our general manager. He joined our Company and has served as general manager since January 2024. He is responsible for overall general daily operation and management of our Group.

Prior to joining our Group, from April 1997 to March 2013, he successively served as a manager and deputy general manager at Hongxing Industrial Group Co., Ltd. Hongxing Agricultural and Sideline Products Market (紅星實業集團有限公司紅星農副產品大市場), a branch company of Hongxing Shiye, which is a large-scale agricultural product integrated cluster trading market. From March 2013 to December 2023, he served as general manager at Hunan Hongxing Shengye Food Co., Ltd. (湖南紅星盛業食品股份有限公司), a limited company engaged in livestock slaughtering and processing of meat products and by-products. From May 2020 to April 2025, he served as the chairman of the board of directors at Yongzhou Hongxing Shengye Agriculture and Animal Husbandry Technology Co., Ltd. (永州紅星盛業農牧科技有限公司), a limited company engaged in the production and operation of breeding livestock and poultry. From March 2023 to February 2024, he served as an executive director at Changsha Shengzhirui Food Trading Co., Ltd. (長沙盛知瑞食品貿易有限公司), a limited liability company engaged in the sales and distribution of agricultural and sideline products. From September 2020 to January 2025, he served as a director at Yongzhou Tiancheng Meat Food Co., Ltd. (永州天成肉類食品有限公司), a limited liability company engaged in the processing of meat products and by-products. From September 2020 to March 2025, he served as a director at Yiyang Zhaofeng Agriculture and Animal Husbandry Technology Co., Ltd. (益陽兆豐農牧科技有限公司), a limited company engaged in livestock and poultry production and operation. All the aforementioned companies are subsidiaries of Hongxing Shiye, except for Yongzhou Tiancheng Meat Food Co., Ltd., which is held as to approximately 34% equity interests by Hongxing Shiye and thus one of its associates.

Mr. Xu graduated from Hunan University of Commerce (湖南商學院) (currently known as Hunan University of Technology and Business (湖南工商大學)) with a college diploma in marketing in June 2001 through self-study examination program. He also studied at Hunan Agricultural University (湖南農業大學) in landscape horticulture from September 2004 to September 2005.

Ms. XU Qunying (許群英), aged 47, is our executive Director, deputy general manager and chief financial officer. See "Directors and Senior Management — Executive Directors and Non-executive Directors" in this annual report for details.

Mr. WU Bo (吳波), aged 50, is our deputy general manager. He joined our Company and has served as deputy general manager since July 2023. He is responsible for our Company's administration, human resources, procurement, project construction and auditing.

Prior to joining our Group, he served as executive general manager at Hongxing Shiye from December 2018 to July 2023. Mr. Wu primarily worked for several government agencies of Yuhua District, Changsha City (長沙市雨花區) ("**Yuhua District**"). From December 1999 to July 2006, Mr. Wu worked at Yuhuating Sub-district Office of Yuhua District (雨花區雨花亭街道辦). From August 2006 to January 2009, he served at the Personnel Bureau of Yuhua District. From February 2009 to July 2013, Mr. Wu primarily worked at discipline committee, supervision bureau and administrative office of Yuhua District. From August 2013 to February 2016, Mr. Wu served as deputy secretary of the Party Working Committee of Tongsheng Sub-district Office of Yuhua District (雨花區同升街道辦). From March 2016 to November 2018, Mr. Wu served as deputy secretary of the Party Working Committee and director of the Liaison Office of Yuhuating Sub-district Office of Yuhua District. All the aforementioned agencies are Independent Third Parties.

Mr. Wu obtained a bachelor's degree in Orthopedics and Traumatology from Hunan University of Chinese Medicine (湖南中醫藥大學) in July 1999.

Mr. ZHANG Zhenxing (張振興), aged 41, is our deputy general manager. He joined our Company in December 2007. He is responsible for market operation and management, production safety and equipment and facility management of our Group.

Prior to this, from July 2007 to November 2007, he served as a fee collector at Hongxing Industrial Group Co., Ltd. Hongxing Agricultural and Sideline Products Market (紅星實業集團有限公司紅星農副產品大市場), a branch company of Hongxing Shiye, which is a large-scale agricultural product integrated cluster trading market. From December 2007 to January 2016, Mr. Zhang Zhenxing served as a head of the property department of our Company, responsible for market management. From January 2016 to December 2023, Mr. Zhang Zhenxing served as an assistant to the general manager and a head of the marketing department of our Company, responsible for store management and operation.

Mr. Zhang Zhenxing graduated from Changsha Nanfang Professional College (長沙南方職業學院) in June 2006 with a college diploma in property management and from Hunan University (湖南大學) in June 2011 with a bachelor's degree in business administration through correspondence education.

Ms. YANG Zirun (楊滋潤), aged 49, is our deputy general manager and the general manager of Hongxing Beisheng. She joined our Company in February 2008. She is responsible for overall operations and management of Hongxing Beisheng.

Prior to this, from February 2008 to September 2015, Ms. Yang served as an assistant to the general manager and an office director of our Company, responsible for administrative work. From September 2015 to December 2021, Ms. Yang served as a deputy administrative manager of Hongxing Beisheng, a subsidiary of the Company, responsible for administrative work of Hongxing Beisheng. From January 2022 to December 2023, Ms. Yang served as an executive general manager of Hongxing Beisheng, responsible for the overall work of Hongxing Beisheng.

Ms. Yang graduated from Hunan Agricultural University (湖南農業大學) in June 2007 through correspondence education with a bachelor's degree in public utilities management. She was certified as first-level human resources professional by Occupation Skill Testing Authority of the Ministry of Human Resources and Social Security (人力資源和社會保障部職業技能鑒定中心) in September 2009 and was granted certification of professional supply chain manager (CPSCM)-senior level (供應鏈管理師職業能力高級級別) by China Federation of Logistics & Purchasing (CFLP) (中國物流與採購聯合會) in August 2025.

Mr. ZHANG Wen (張文), aged 39, is our deputy general manager. He joined our Company in November 2010. He is responsible for our Company's frozen food storage business, merchant attraction and operation of warehouse and security work.

Prior to this, from January 2011 to December 2014, Mr. Zhang Wen served as a deputy head of the frozen food storage department of our Company, responsible for merchant acquisition and warehouse management. From January 2015 to December 2023, Mr. Zhang Wen served as a head of the second frozen food storage department of our Company, also responsible for merchant acquisition and warehouse management.

He graduated from Hunan Normal University (湖南師範大學) in September 2010 in human resources through self-study examination program.

JOINT COMPANY SECRETARIES

Ms. ZHAN Liling (詹麗玲), aged 28, is our joint company secretary. Ms. Zhan is the vice director of the securities and legal department of our Company and has joined in our Group since October 2024.

Prior to join in our Group, Ms. Zhan served as a legal assistant in Hunan Qiyuan Law Firm from March 2021 to June 2024.

Ms. Zhan obtained a bachelor's degree in law and Chinese literature from Hunan Normal University (湖南師範大學) in June 2020.

Ms. Zhan has been designated as the primary contact person of the Company who would work and communicate with the Board on the Company' corporate governance and secretarial and administrative matters.

The Company was not listed on the Stock Exchange for the year ended 31 December 2025. Ms. Zhan will receive no less than 15 hours of relevant professional training annually pursuant to the requirements of Rule 3.29 of the Listing Rules.

Mr. YAU Tsz Lun (游子麟) was appointed as a joint company secretary, replacing Ms. CHONG Wan Kai with effect from 27 March 2026.

Mr. Yau is a manager of Company Secretarial Services of Tricor Services Limited, having over 7 years of experience in compliance and corporate secretarial fields for Hong Kong listed companies and is a Chartered Secretary, a Chartered Governance Professional and an associate member of both of The Hong Kong Chartered Governance Institute (formerly "**The Hong Kong Institute of Chartered Secretaries**") and The Chartered Governance Institute (formerly "**The Institute of Chartered Secretaries and Administrators**") in the United Kingdom. Mr. Yau obtained a Master's degree of Science in Professional Accounting and Corporate Governance from City University of Hong Kong in 2021.

For the year ended 31 December 2025, Mr. Yau undertook no less than 15 hours of the relevant professional training in compliance with Rule 3.29 of the Listing Rules.

All Directors may have access to the advice and services of the joint company secretaries on corporate governance and routine Board matters.

The Board is pleased to present this Directors' Report together with the consolidated financial statements of the Group for the year ended 31 December 2025.

GENERAL INFORMATION

The Company was established as a limited liability company in the PRC on 30 August 2006 and was converted into a joint stock company with limited liability on 9 December 2019 under the laws of the PRC. The Company's H Shares were initially listed on the Main Board of the Stock Exchange on 13 January 2026.

PRINCIPAL ACTIVITIES

The Group is a frozen food storage services and frozen food space leasing services provider. The Group has developed a business model that combines frozen storage facilities with frozen food space leasing, enabling the Group to connect wholesalers and retailers within the frozen food supply chain.

There have been no significant changes in the nature of the Group's principal business from the Listing Date to the date of this annual report. For details of the principal business of the Company's principal subsidiaries, please refer to Note 1 to the Group's consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the Group's consolidated financial statements.

DIVIDEND

The Board proposed the distribution of a final cash dividend of RMB0.3053 (the "**Proposed Final Dividend**") per share (inclusive of tax), amounting to RMB30 million, for the year ended 31 December 2025 after taking into account of the dividend policy adopted by the Company. The aforesaid proposal is subject to the consideration and approval at the 2025 annual general meeting of the Company (the "**AGM**"). The Proposed Final Dividend is expected to be paid on or before Tuesday, 25 August 2026. The Proposed Final Dividend will be declared in RMB and paid in RMB to holders of Unlisted Shares, and in HKD to holders of H Shares. The exchange rate from RMB to HKD will be based on the average of the middle exchange rates published by the People's Bank of China during the calendar week preceding the announcement of the Proposed Final Dividend.

SHARE CAPITAL

Details of the issued shares during the year ended 31 December 2025 are set out in Note 24 to the consolidated financial statements of the Group.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2025 are set out in the consolidated statement of changes in equity.

FINANCIAL SUMMARY

The H Shares were listed on the Stock Exchange on 13 January 2026. A summary of the results, assets, liabilities and equity of the Group for the last four financial years, as extracted from the audited financial information and financial statements, is set out on page 5 of this annual report. This summary does not form part of the audited consolidated financial statements.

BORROWINGS

Details of the bank and other borrowings of the Group during the Reporting Period are set out in the section headed "Management Discussion and Analysis — Interest-bearing bank borrowings" of this annual report and in Note 23 to the financial statements.

PROPERTY AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2025 are set out in Note 13 to the consolidated financial statements.

PROPERTY INTERESTS AND PROPERTY VALUATION

The Company has valued the property interests of the Group and included such valuation in the Prospectus and those property interests are not stated at valuation (or at subsequent valuation) in the consolidated financial statements. The valuation of the property interests of the Group as at 30 November 2025 was RMB1,502.9 million as included in the Prospectus. Has the property interests been stated at such valuation, the additional depreciation that would be charged against the statement of profit and loss and other comprehensive income during the year ended 31 December 2025 would be approximately RMB25.1 million.

DEBENTURE ISSUED

The Group did not issue any debenture during the year ended 31 December 2025, since the date of Listing and up to the date of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Rule 19A.28B(1) of the Listing Rules requires issuers to maintain at least 25% of their total number of issued shares in the class to which H shares belong (excluding treasury shares), or any lower minimum percentage of public float prescribed at the time of listing under rule 19A.13A(1). Based on information that is publicly available to the Company and within knowledge of Directors, as at the Latest Practicable Date, more than 25% of the issued shares in the class to which H Shares belong (excluding treasury shares) were held by the public.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the PRC requiring the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2025 is set out in the sections headed "Financial Highlights" and "Management Discussion and Analysis" of this annual report, which form part of this directors' report.

PRINCIPAL RISKS AND UNCERTAINTIES

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. Some of the major risk factors that we face include: (1) service disruption of our frozen food storage warehouses or frozen food space leasing that may adversely affect our business operations; (2) intense competition in the industries where we operate, and any failure to compete effectively could adversely affect our customer base, profitability and market share; (3) reduction of our customers' expenditure in third-party frozen food storage services; (4) our failure to meet evolving customer demands and expectations, as well as our ability to attract and retain customers; (5) our substantial capital expenditures, which may not generate returns or achieve intended economic benefits in the short term, or at all; (6) our failure to obtain and maintain the requisite licenses and approvals required in the jurisdiction where we operate; (7) our relatively limited geographical focus; and (8) our failure to control costs.

The above is not an exhaustive list. As different investors may have different interpretations and criteria when determining the significance of a risk, investors, should exercise their own judgment or consult an investment advisor before making any investment in our H Shares.

USE OF NET PROCEEDS

The Company's H Shares were listed on the Main Board of the Stock Exchange on 13 January 2026. The Company received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the Global Offering of approximately HK$254.5 million and has not utilized any of the proceeds as of the Latest Practicable Date. The net proceeds from the Global Offering (adjusted on a pro rata basis based on the actual net proceeds) will be utilized in accordance with the purposes and the expected implementation timetable as disclosed in the Prospectus. The following table sets forth the status of the use of net proceeds from the Global Offering[(1)]:

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the initial public offering (HK$ millions)	Net proceeds utilized from the Listing Date to the Latest Practicable Date (HK$ millions)	Net proceeds unutilized as at the Latest Practicable Date (HK$ millions)	Expected timelines for use of proceeds
Construct a new processing plant and expand frozen food storage warehouses with processing equipment and systems	57.5%	146.3	0.3	146.0	By the end of 2029
Upgrade equipment, IT infrastructure, and software utilized in our existing business	12.8%	32.6	—	32.6	By the end of 2029
Strategic acquisitions and partnerships	19.7%	50.1	—	50.1	By the end of 2029
Working capital and other general corporate purposes	10.0%	25.5	—	25.5	N/A
Total	100%	254.5	0.3	254.2	

Note:

(1) The figures in the table are approximate figures.

For further information in relation to the use of net proceeds from the Global Offering and the expected implementation timetable, please refer to the section headed "Future Plans and Use of Proceeds" set out in the Prospectus.

EVENTS AFTER THE REPORTING PERIOD

The Company has been successfully listed on the Stock Exchange following the completion of Global Offering of H Shares of the Company, including, a public offering in Hong Kong of 2,326,500 H Shares and an international offering of 20,936,500 H Shares, at a price of HK$12.26 per Share on the Listing Date.

On 16 April 2026, the Company entered into a construction contract (the "**Construction Contract**") with Hongxing Architecture Engineering, a connected person of the Company, pursuant to which the Company agreed to engage Hongxing Architecture Engineering as the contractor for the construction of a food processing and distribution centre in Changsha City, Hunan Province, the PRC, at a consideration of RMB22,003,792.05 (equivalent to approximately HK$25,270,000), subject to the terms and conditions of the Construction Contract. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Construction Contract exceed 0.1% but are less than 5%, the entering into of the Construction Contract and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, and are subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules. For further details, please refer to the announcement of the Company dated 16 April 2026.

Save as disclosed above, there were no other material and important events affecting the Group that had occurred after 31 December 2025 and up to the date of this annual report.

DIRECTORS

The following is the list of our Directors during the Reporting Period and up to the date of this annual report:

Executive Directors

Mr. ZHANG Mingsheng
Ms. XU Qunying

Non-executive Directors

Mr. LUO Yue *(Chairman of the Board)*
Mr. LI Jun
Ms. LU Fenfang
Mr. ZHANG Zhong

Independent Non-executive Directors

Ms. LI Zhenzhu
Ms. CAI Yanping
Mr. HOW Sze Ming

Biographical details of our Directors are set out in the section headed "Directors and Senior Management" of this annual report.

CHANGES IN DIRECTORS' INFORMATION

Save as disclosed in this annual report, there had not been any changes to the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at the date of this annual report.

DIRECTORS' SERVICE CONTRACTS

For details of the Directors' service contracts, please refer to the paragraph headed "Appointment and Re-election of Directors" under the Corporate Governance Report contained in this annual report.

The Company has not entered into, and does not propose to enter into, any service contract with any of the Directors in their respective capacities which cannot be terminated by the employer within one year without payment of any compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE BY INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the independent non-executive Directors a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of the Directors. The Company considers that all the independent non-executive Directors are independent.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As the Company's H Shares were listed on 13 January 2026, Divisions 7 and 8 of Part XV of the SFO and Section 352 of the SFO were not applicable to the Directors or chief executives of the Company during the period from 1 January 2025 to 31 December 2025.

As far as the Company is aware, as of the Latest Practicable Date, the interests and/or short positions (if applicable) of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations of our Company (within the meaning of Part XV of the SFO), which were required (a) to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to our Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in our Company

Name of Shareholder	Nature of interest	Description of Shares	Number of Shares[(1)]	Percentage of shareholding in our Unlisted Shares/ H Shares	Percentage of shareholding in our total issued share capital[(2)]
ZHANG Mingsheng	Beneficial owner	Unlisted Shares	226,689	0.31%	0.23%

Notes:

(1) All interests stated are long positions.

(2) This calculation is based on the total number of issued shares of the Company as at the Latest Practicable Date, being 98,263,000 Shares, including 24,566,464 H Shares and 73,696,536 Unlisted Shares in issue.

Save as disclosed above and to the best knowledge of our Directors, as of the Latest Practicable Date, we were not aware of any Director or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (b) were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As the Company's H Shares were listed on 13 January 2026, Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the substantial shareholders of the Company during the period from 1 January 2025 to 31 December 2025.

To the best knowledge of our Directors, as of the Latest Practicable Date, the interests of relevant persons (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares or the underlying shares, which were required to be notified under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name of Shareholder	Nature of interest	Description of Shares	Number of Share(1)	Percentage of shareholding in our Unlisted Shares/ H Shares (%)	Percentage of shareholding in our total issued share capital(7) (%)
Hongxing Shiye	Beneficial owner	Unlisted Shares	43,690,535	59.28	44.46
	Interest in a controlled corporation(2)	Unlisted Shares	6,045,039	8.20	6.15
	Interest in a controlled corporation(3)	Unlisted Shares	3,491,905	4.74	3.55
Hongri Jingming	Beneficial owner	Unlisted Shares	6,045,039	8.20	6.15
Hongxing Center	Interest in a controlled corporation(4)	Unlisted Shares	53,227,479	72.23	54.17
Orient Asset Management (Hong Kong) Limited	Investment manager(5)	H Shares	5,084,000	20.69	5.17
Orient Finance Holdings (Hong Kong) Limited	Interest in a controlled(5) corporation	H Shares	5,084,000	20.69	5.17
Orient Securities Company Limited	Interest in a controlled(5) corporation	H Shares	5,084,000	20.69	5.17
Orient Securities International Financial Group Limited	Interest in a controlled(5) corporation	H Shares	5,084,000	20.69	5.17
Wellspring Asset Management Limited	Investment manager	H Shares	1,500,000	6.11	1.53
Sunny King Investments Inc.	Beneficial owner(6)	H Shares	1,894,000	7.71	1.93
Shenwan Hongyuan Singapore Private Limited	Investment manager	H Shares	3,811,000	15.51	3.88

Notes:

(1) All interests stated are long positions.

(2) As of the Latest Practicable Date, Hongxing Shiye was the sole general partner of Hongri Jingming and was therefore deemed to be interested in the Shares held by Hongri Jingming under the SFO.

(3) As of the Latest Practicable Date, Hongxing Shiye was the sole general partner of Hongri Mingsheng and was therefore deemed to be interested in the Shares held by Hongri Mingsheng under the SFO.

(4) As of the Latest Practicable Date, Hongxing Shiye was controlled by Hongxing Center. Therefore, Hongxing Center was deemed to be interested in the Shares held by Hongxing Shiye under the SFO.

(5) As at the Latest Practicable Date, Orient Asset Management (Hong Kong) Limited was wholly owned by Orient Securities International Financial Group Limited. In addition, Orient Securities International Financial Group Limited was wholly owned by Orient Finance Holdings (Hong Kong) Limited. Orient Finance Holdings (Hong Kong) Limited was wholly owned by Orient Securities Company Limited. Orient Securities Company Limited was deemed to be interested in the H Shares which Orient Asset Management (Hong Kong) Limited was interested in.

(6) Sunny King Investments Inc. was wholly owned by DENG Zhonglin (鄧仲麟). DENG Zhonglin (鄧仲麟) was deemed to be interested in the H Shares which Sunny King Investments Inc. was interested in.

(7) For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.

Saved as disclosed above, as at the Latest Practicable Date, so far as the Directors are aware, no other person (not being a Director or chief executive of the Company) had or was deemed to have any interest or short position in any Shares or underlying shares of the Company which was required to be notified under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

EQUITY-LINKED AGREEMENTS

During the year ended 31 December 2025, the Company neither entered into nor maintained any equity-linked agreements that would or might require the Company to issue shares.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the year ended 31 December 2025 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire interests by means of acquisition of Shares in or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 had any right to subscribe for interests or debentures of the Company or any other body corporate or had exercised any such right.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2025, none of the Directors or their respective close associates (as defined in the Listing Rules) is interested in any business (other than being a Director of the Company and/or its subsidiaries) which competes or is likely to compete, directly or indirectly, with the businesses of the Group.

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group during the year ended 31 December 2025 are disclosed in Note 30 to the consolidated financial statements. As the Company's shares were not listed on the Stock Exchange as of 31 December 2025, the provisions of Chapter 14A of the Listing Rules were not applicable to the Company during the year ended 31 December 2025, each of the related party transactions during the year ended 31 December 2025 disclosed in Note 30 to the consolidated financial statements was either (i) one-off in nature and not subject to the requirements under Chapter 14A of the Listing Rules, or (ii) a continuing connected transaction but is fully exempted and not subject to any of the disclosure requirements under Chapter 14A of the Listing Rules upon Listing.

CONNECTED TRANSACTIONS

We have in the past conducted certain transactions with entities that become our connected persons (as defined under Chapter 14A of the Listing Rules) upon Listing. Such transactions continue after Listing and therefore continuing connected transactions under the Listing Rules.

As the Company's shares were not listed on the Stock Exchange as of 31 December 2025, the provisions of Chapter 14A of the Listing Rules were not applicable to the Company during the year ended 31 December 2025. The Company will comply with the relevant requirements under the Listing Rules in its subsequent annual reports.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed in this annual report, during the year ended 31 December 2025, none of the Directors or entities connected with the Directors had an interest, directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as otherwise disclosed in this annual report, during the Reporting Period , (i) no contract of significance was entered into by, or subsisted between, the Company or any of its subsidiaries and the Controlling Shareholder or any of its subsidiaries; and (ii) the Controlling Shareholder and its subsidiaries did not provide any services to the Group under any contract of significance.

MANAGEMENT CONTRACTS

Save as otherwise disclosed in this annual report, no contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2025.

PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be entitled to be indemnified out of the assets of the Company against all actions, costs, charges, losses, damages and expenses incurred or sustained by him or her as a Director by reason of any act done, concurred in or omitted in or about the execution of his or her duty or supposed duty in his or her respective offices or trusts, except such (if any) as he or she shall incur or sustain through his or her own fraud or dishonesty.

INFORMATION ON TAX RELIEF FOR H SHAREHOLDERS

The Company is not aware of any tax relief available to Shareholders for holding its securities. Shareholders should seek expert advice if they are unsure of the tax implications of purchasing, holding, selling, dealing in the Shares, or exercising any of the rights attached to them.

EMPLOYEE AND REMUNERATION POLICY

As of 31 December 2025, we had a total of 349 employees (as of 31 December 2024: 363 employees). The total employee remuneration expenses for the year ended 31 December 2025 (excluding Directors', chief executive's and supervisors' renumeration), were approximately RMB39.7 million, as compared to approximately RMB40.6 million for the year ended 31 December 2024.

Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. The remuneration policy will be reviewed by the Board from time to time. In addition to basic remuneration, the Group also makes contributions to mandatory social security funds for the benefit of the PRC employees that provide for retirement insurance, medical insurance, unemployment insurance, maternity insurance, occupational injury insurance and housing funds. All of the full-time employees are paid a fixed salary and may be granted other allowances, based on their positions. Those who meet or exceed their performance expectation will also be rewarded discretionary bonuses. We also provide comprehensive training programs to our employees to meet their various development needs, including leadership development programs, upskills programs, and on-the-job trainings.

Our Group has established a Remuneration and Appraisal committee to review and make recommendation to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure of the remuneration for our Directors, supervisors and senior management and make recommendations on the remuneration packages of individual Directors and senior management. In general, our Group determines the emolument payable to our Directors based on each Director's time commitment and responsibilities, salaries paid by comparable companies as well as the employment conditions elsewhere in our Group.

PENSION PLANS

Employees of the Group's subsidiaries in the PRC are required to contribute a certain percentage of their salaries to a pension plan to fund the benefits. The Group's only obligation with respect to the pension plan is to make specified contributions. During the year ended 31 December 2025, the Group did not use forfeited contributions to reduce the current level of contributions. Details of the pension plan of the Group are set out in Note 9 to the consolidated financial statements.

SHARE SCHEMES

During the year ended 31 December 2025, the Group did not have share schemes under Chapter 17 of the Listing Rules.

REMUNERATION OF DIRECTORS , CHIEF EXECUTIVES AND SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors, chief executives and supervisors are set out in Note 8 to the consolidated financial statements and details of the remuneration of the five highest paid individuals are set out in Note 9 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the revenue contributed by the Group's largest customer accounted for approximately 2.9% of the Group's total revenue for the same year, while the total revenue contributed by its top five customers accounted for approximately 6.2% of the Group's total revenue for the same year.

For the year ended 31 December 2025, the procurement from the top five suppliers accounted for 82.0% of the Group's total amount, with the largest supplier accounted for approximately 47.8% of the Group's total procurement.

Save as disclosed above, the Directors, their close associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) do not have any interest in any of the abovementioned major customers.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules) during the year ended 31 December 2025 and up to the Latest Practicable Date. As of 31 December 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

DONATION

During the year ended 31 December 2025, the Group did not make any donations.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE HK LISTING RULES

The Company did not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

CORPORATE GOVERNANCE

The Company is committed to the high standards of corporate governance and has adopted the code provisions set out in the CG Code. After the Listing and as of the date of this annual report, the Company complied with all applicable code provisions set out in the CG Code.

In order to maintain the high standards of corporate governance, the Board will review and monitor the Company's compliance with the CG Code on an ongoing basis.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 40 to 61 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

In 2025, the Group was committed to fulfilling its social responsibilities, improving employee welfare, promoting development, protecting the environment, giving back to the community and achieving sustainable growth.

For further details of the Company's environmental policies and performance, please refer to the Environmental, Social and Governance report which forms part of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

We may be involved in legal proceedings from time to time in the ordinary course of business. During the year ended 31 December 2025 and up to the date of this annual report, the Group has complied with relevant laws and regulations that have a significant impact on the Group, and did not have any material non-compliance with such laws and regulations. During the year ended 31 December 2025 and up to the date of this annual report, neither the Group nor any of the Directors and senior management of the Company has been subject to investigation or administrative penalty by the China Securities and Regulatory Commission, banned from entering the market, recognized as an unsuitable person, publicly reprimanded by the Stock Exchange, subject to compulsory measures, referred to the judicial authorities or held criminally liable, nor has it been involved in any other litigation, arbitration or administrative proceeding that would have a material adverse impact on our business, financial condition or results of operations. During the year ended 31 December 2025, the Directors were not aware of any material litigation or claim that was pending or threatened against the Group.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 December 2025 have been audited by Ernst & Young.

There has been no change in the auditor of the Company since the Listing Date.

On behalf of the Board

Hongxing Coldchain (Hunan) Co., Ltd.
LUO Yue
Chairman of the Board and Non-Executive Director

Hunan, the PRC
27 March 2026

The Board is pleased to present the corporate governance report for the Company for the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the principles and code provisions of the CG Code contained in Appendix C1 to the Listing Rules as the basis for the corporate governance practices of the Company.

As the Company's shares were not listed on the Stock Exchange as of 31 December 2025, the CG Code were not applicable to the Company during the year ended 31 December 2025 but has applied to the Company since the Listing Date. From the Listing Date and up to the date of this annual report, the Company has complied with the code provisions set out in Part 2 of the CG Code.

The Board will continue to periodically review and monitor its corporate governance practices for compliance with the CG Code and maintain a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in the Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions.

As the Company's shares were not listed on the Stock Exchange as of 31 December 2025, the relevant rules of the Model Code, to which the Directors were subject, were not applicable to the Company during the year ended 31 December 2025.

Specific enquiry has been made of all the Directors, all the Directors have confirmed that they have complied with the Model Code since the Listing Date.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and is collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board Composition

The Board currently comprises the following Directors:

Executive Directors

Mr. ZHANG Mingsheng
Ms. XU Qunying

Non-executive Directors

Mr. LUO Yue (*Chairman of the Board)*
Mr. LI Jun
Ms. LU Fenfang
Mr. ZHANG Zhong

Independent Non-executive Directors

Ms. LI Zhenzhu
Ms. CAI Yanping
Mr. HOW Sze Ming

The biographical details of the Directors are set out in the section headed "Directors and Senior Management" of this annual report. There is no relationship (including financial, business, family or other material/relevant relationship(s)) between the Board members.

Each of our Directors has confirmed that he/she obtained the legal advice referred to in Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to him/her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 23 December 2025, and he/she has confirmed he/she understood his/her obligations as a director of a listed issuer.

Board Meetings and Committee Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals in accordance with code provision C.5.1 of the CG Code. For regular Board meetings, the Company has put in place arrangements to ensure that all Directors are given an opportunity to include matters in the agenda, and notices of at least 14 days are given to give all Directors an opportunity to attend.

For other Board meetings and Board committee meetings, reasonable notice is generally given by the Company. The agenda and accompanying Board papers are dispatched at least three days before the intended Board meetings or Board committee meetings to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

Minutes of Board meetings and Board committee meetings are maintained by our company secretary and are open for inspection at any reasonable time on reasonable notice by all Directors. Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail on the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors. Draft and final versions of these meeting minutes have been and will be sent to all Directors for their comments and records respectively, within a reasonable time after the Board meeting is held.

The Company's H Shares were listed on the Stock Exchange on 13 January 2026. During the period from the Listing Date and up to the date of this annual report, the Board held 3 Board meetings, 1 Audit Committee meeting, 1 Remuneration and Appraisal Committee meeting and 1 Nomination Committee meeting. The Company did not hold any general meeting. The attendance records of each Director at the above meetings are set out in the table below:

	Attendance/Number of Meeting(s)			
Name of director	**Board**	**Audit Committee**	**Remuneration and Appraisal Committee**	**Nomination Committee**
Executive Directors:				
Mr. ZHANG Mingsheng	3/3	—	—	—
Ms. XU Qunying	3/3	—	1/1	—
Non-executive Directors:				
Mr. LUO Yue *(Chairman of the Board)*	2/3	—	—	1/1
Mr. LI Jun	2/3	—	—	—
Ms. LU Fenfang	2/3	—	—	—
Mr. ZHANG Zhong	2/3	—	—	—
Independent Non-executive Directors:				
Ms. LI Zhenzhu	3/3	1/1	1/1	1/1
Ms. CAI Yanping	3/3	1/1	1/1	—
Mr. HOW Sze Ming	3/3	1/1	—	1/1

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for overall leadership and control of the Group, and is responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound risk management and internal control systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgment on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company. Directors are encouraged to access and to consult with the Company's senior management independently.

The Board exercises functions and powers in accordance with Articles of Association, the resolutions and authorizations of the general meeting and relevant laws and resolutions, which relates to policy matters, strategies and budgets, risk management and internal control, material transactions (in particular those that may involve conflict of interests), financial information and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the senior management of the Company, while reserving certain key matters in making strategic decisions for the Board's approval. When the Board delegates aspects of its management and administration functions to management, it gives clear directions as to the powers of the senior management, in particular, with respect to the circumstances where the senior management need to report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. The delegated functions and responsibilities are periodically reviewed by the Board.

Chairman and Chief Executive Officer

Code provision C.2.1 of CG Code provides that roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The chairman of the Board in charge of the overall strategic planning, business direction and management of the Group. The general manager of the Company in charge of the overall general daily operation and management of our Group. The positions of chairman of the Board and general manager are held by Mr. Luo Yue, our non-executive Director and Mr. Xu Huazhong respectively.

Independent Non-executive Directors

During the period from the Listing Date to the date of this annual report, the Board has at all times met the requirements of the Listing Rule relating to the appointment of at least three independent Directors representing at least one-third of the Board, with at least one possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of the independent Directors a written annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Board Independence Evaluation

The Company has established mechanisms to ensure independent views and input are effectively available to the Board.

The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, independent non-executive Directors will be appointed to the Board committees as required under the Listing Rules and as far as practicable to ensure independent views are available. The independent non-executive Directors participate in and vote at the meetings with chairman of the Board held by the Company. The Company hold separate meetings of the chairman of the Board and the independent non-executive Directors without the presence of other Directors. The mechanism to ensure that independent views and input are available to the Board is reviewed annually.

The remuneration of independent non-executive Directors is subject to a regular review to maintain competitiveness and commensurate with their responsibilities and workload. The independence of each independent non-executive Director is assessed upon his or her appointment and annually.

Directors are requested to declare their direct or indirect interests, if any, in proposals or transactions to be considered by the Board at the Board meetings and abstain from voting, where appropriate. External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary. The independent non-executive Directors have consistently demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities at the Board.

The implementation and effectiveness of such mechanism was reviewed on an annual basis. During the period from the Listing Date and up to the date of this annual report, the Board has reviewed the board independence mechanisms and considered that the implementation of the mechanisms was effective.

Appointment and Re-election of Directors

All executive Directors , non-executive Directors and independent non-executive Directors of the Company have entered into service contracts with the Company, which include provisions for compliance with applicable laws and regulations, adherence to the Company's Articles of Association.

Under the Articles of Association, Directors are required to be elected or replaced through the shareholders' meeting, and they may be removed by the shareholders' meeting before the completion of their terms of office. The term of office of the Directors shall be three years, and the Directors are eligible for re-election and reappointment. The term of office of the Directors shall commence from the date of their appointment until the expiry of the term of the current session of the Board. If a Director's term expires without a responsive re-election, the said Director shall continue fulfilling the duties as Director according to laws, administrative regulations, departmental rules, the listing rules of the stock exchange of the place where the shares of the Company are listed and the Articles of Association until a new Director is elected. The procedures and processes governing the appointment, re-election, and removal of Directors are set out in the Articles of Association.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Continuous briefings and professional development for the Directors are arranged whenever necessary. All Directors are encouraged to attend relevant training courses at the Company's expenses. During the year ended 31 December 2025, all Directors have participated in continuous professional development by attending training course or external seminars to develop and refresh their knowledge and skills in relation to their contribution to the Board.

For the year ended 31 December 2025 and up to date of this annual report, the training received by the Directors was as follows:

Name of Director	**Participated in continuous professional development training**[Note]
Mr. ZHANG Mingsheng	✓
Ms. XU Qunying	✓
Mr. LUO Yue *(Chairman of the Board)*	✓
Mr. LI Jun	✓
Ms. LU Fenfang	✓
Mr. ZHANG Zhong	✓
Ms. LI Zhenzhu	✓
Ms. CAI Yanping	✓
Mr. HOW Sze Ming	✓

Note:

(1) Attended training/seminar/conference arranged by the Company or other external parties or read relevant materials

BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, the Remuneration and Appraisal Committee, and the Nomination Committee, for overseeing particular aspects of the Company's affairs. Each of these committees is established with specific terms of reference which deal clearly with their authority and duties, and are posted on the websites of the Company and the Stock Exchange.

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code set out in Appendix C1 to the Listing Rules. As at the date of this annual report, the Audit Committee consists of three members, including three independent non-executive Directors, namely Ms. LI Zhenzhu, Ms. CAI Yanping and Mr. HOW Sze Ming. Mr. HOW Sze Ming, being the chairperson of the Audit Committee, has appropriate professional qualification and experiences as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The major duties and responsibilities of the Audit Committee are set out clearly in its terms of reference. The primary duties of the Audit Committee include, among others, to supervise and evaluate the external audit work, propose the appointment, re-appointment and removal or replacement of the external audit firm and approve the remuneration and terms of engagement of the external audit firm; to implement and develop the Company's policy on external auditors; to supervise and evaluate the internal audit work, and supervise the formulation and implementation of the Company's internal audit system and accounting policies; to review the Company's financial information, the disclosures thereof, financial and accounting policies and practices; to review the Company's internal control systems; to review and evaluate the Company's financial control, risk management and internal control systems; to review and evaluate major connected transactions of the Company; and to review the internal system of the Company and organize review on major connected transactions.

As the Company's H Shares were listed on the Stock Exchange on 13 January 2026, no meetings of the Audit Committee were held during the year ended 31 December 2025. During the period from the Listing Date and up to the date of this annual report, the Audit Committee held one meeting to, among others, (i) review and discuss the audited consolidated financial statements and annual results announcement of the Group for the year ended 31 December 2025, and (ii) review the effective of the Company's financial controls, risk management and internal control systems (iii) the effectiveness of the issuer's internal audit function, and its other duties under the Corporate Governance Code.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code set out in Appendix C1 to the Listing Rules. The Remuneration and Appraisal Committee comprises three members, including one executive Director, namely Ms. XU Qunying, and two independent non-executive Directors, namely Ms. LI Zhenzhu, and Ms. CAI Yanping. Ms. CAI Yanping is the chairperson of the Remuneration and Appraisal Committee.

The major duties and responsibilities of the Remuneration and Appraisal Committee are set out clearly in its terms of reference. The primary duties of the Remuneration and Appraisal Committee include, among others, reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors, supervisors and senior management; reviewing the performance of Directors and senior management; considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; reviewing and approving compensation arrangements relating to dismissal or removal of directors for misconduct and for any loss or termination of office or appointment to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; reviewing and/or approving matters relating to share schemes; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

As the Company's H Shares were listed on the Stock Exchange on 13 January 2026, no meetings of the Remuneration and Appraisal Committee were held during the year ended 31 December 2025. During the period from the Listing Date and up to the date of this annual report, the Remuneration and Appraisal Committee held one meeting to, among others, to review and make recommendation to the Board on the remuneration policy and the remuneration packages of the Directors and senior management, assess performance of executive directors, and approve the terms of executive directors' service contracts.

Pursuant to code provision in Part 2 of the CG Code, details of the remuneration of the members of senior management, whose biographical details are included in section headed "Directors and Senior Management" of this annual report by bands for the year ended 31 December 2025 is set out below:

Remuneration (HK$)	Number of Individuals
Nil to HK$500,000	3
HK$500,001 to HK$1,000,000	—

Details of the emoluments of the Directors and five highest paid individuals are set out in Notes 8 and 9 to the consolidated financial statements of this annual report.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each Director.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with Rule 3.27A and the CG Code set out in Appendix C1 to the Listing Rules. The Nomination Committee comprises three members, including one non-executive Director, namely Mr. LUO Yue, and two independent non-executive Directors, namely Ms. LI Zhenzhu and Mr. HOW Sze Ming. Mr. LUO Yue is the chairperson of the Nomination Committee.

The major duties and responsibilities of the Nomination Committee are set out clearly in its terms of reference. The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis at least annually and make recommendations on any proposed changes to the Board to cope with the Company's corporate strategy and board diversity policy; identify individuals who may be suitably qualified as Board members and senior management and select or make recommendations to the Board on the selection of individuals nominated for directorships and senior management positions; assess the independence of the independent non-executive Directors; and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors and senior management, in particular the chairman of the Board and the general manager.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's board diversity policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the director nomination policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

As the Company's H Shares were listed on the Stock Exchange on 13 January 2026, no meetings of the Nomination Committee were held during the year ended 31 December 2025. During the period from the Listing Date and up to the date of this annual report, the Nomination Committee held one meeting to, among others, to review and recommend the structure, size and composition of the Board, the independence of the independent non-executive Directors, and to recommend to the Board on the above matters.

Board Diversity Policy

The Company has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's sustainable development and achieving its strategic goals.

In determining the composition of the Board, the Company will take into account the diversity of the Board from various perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, talents, skills, independence, knowledge and length of service, as well as any other factors that the Board may from time to time deem relevant and applicable. The Company will select potential candidates for election to the Board on the basis of their calibre and potential contribution to the Board, taking into account its business model and specific needs from time to time. The Company places great emphasis on ensuring that the Board has a balanced mix of skills and experience to provide a variety of views and perspectives, insights and inquiries to enable the Board to effectively discharge its duties, formulate sound policies on the core business and strategies of the Company and its subsidiaries and complement the succession planning and development of the Board. To further broaden decision-making perspectives, the Company encourages the inclusion of directors from diverse cultural and educational backgrounds, as well as diversity in age groups, with the Board aiming to include at least one director aged below 50 in order to achieve an appropriate balance between experience, innovation, and forward-looking perspectives. In order for the Board to be effective, the Company may set additional measurable objectives/specific diversification targets and review them from time to time to ensure that the relevant targets are appropriate and feasible.

The Company recognizes the particular importance of gender diversity and had targeted to achieve and had achieved at least four directors of a different gender to the Board and considers that the above current gender diversity is satisfactory.

The following table sets out the gender ratio in the workforce of the Group, including the Board and the overall workforce (including senior management) as at the date of this annual report:

	Female	**Male**
Board	4	5
Overall workforce (including senior management)	111	238

The Group will continue to promote gender equality in recruitment, promotion, training and succession planning and improve the representation ratio of female in middle and senior positions, to reserve talent echelon for Board diversity. During the Reporting Period, the Board has reviewed the Board Diversity Policy and considered that the implementation of the policy was effective.

Nomination Policy

The Board has adopted a director nomination policy which sets out the approach of the Nomination Committee in making recommendations to the Board on the appointment or re-appointment of Directors and succession planning. The Nomination Committee is committed to ensuring that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The nomination process set out in the director nomination policy is as follows:

— the Nomination Committee shall communicate actively with relevant departments of the Company to understand the demand of the Company for new Directors and senior management and shall produce written materials;

— the Nomination Committee may seek extensively for candidates of Directors and senior management in the Company, its holding companies and job market;

— the Nomination Committee shall collect information on, among others, occupation, educational background, job titles, detailed working experience of and all part-time jobs undertaken by the candidates and produce written materials;

— the Nomination Committee shall seek advice from nominees and understand their expectation on their nomination, and no nominee shall be deemed as candidates for Directors and senior management without their consent;

— the Nomination Committee shall convene meetings to review the qualification of shortlisted candidates based on the requirements of Directors and senior management;

— the Nomination Committee shall make recommendations and submit relevant materials to the Board regarding candidates for Directors and newly-appointed senior management one to two months prior to election of new Directors and appointment of new senior management; and

— the Nomination Committee shall conduct other follow-up work pursuant to the decision of and feedback from the Board.

In identifying and selecting suitable candidates for directorship, the Nomination Committee would consider at its discretion the candidate's character including integrity, honesty and fairness, backgrounds and qualifications including professional qualifications, skills, knowledge, experience, independence and other relevant necessary criteria, if applicable, to cope with the corporate strategy and achieve board diversity, before making recommendation to the Board.

Where appropriate, the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

Where the Board proposes a resolution to elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code.

The Board has reviewed and monitored the training and continuous professional development of Directors and senior management; reviewed practices on the Company's compliance with legal and regulatory requirements; developed and reviewed code of conduct applicable to employees and Directors; and reviewed the Company's compliance with the CG Code and disclosure in the CG Report during the year ended 31 December 2025.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and for reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control mechanisms. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations. All divisions and departments conduct internal control assessments regularly to identify risks that potentially impact on the business of the Group and various aspects, including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted regularly to confirm that control policies are properly complied with by each division or department. The management would assess the likelihood of risk occurrence, monitor the progress of risk management and report to the Board and the Audit Committee on the findings and effectiveness of the systems.

We have established an audit committee to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations.

We also maintain an internal audit department which is responsible for performing independent reviews of the adequacy and effectiveness of the risk management and internal control systems. The internal audit department examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Company has procedures and internal controls for the handling and dissemination of inside information. In practice, employees of the Group who become aware of any events and/or matters which he/she considers potentially inside information, will report to the designated personnel of the Company who, if considered appropriate, will pass such information to the Board for the purpose of considering and deciding whether or not such information constitutes inside information and disclosure of which shall be made immediately.

For the year ended 31 December 2025, the Board through the Audit Committee conducted a review of the risk management and internal control systems of the Company, and received confirmation from the management of the Company on the effectiveness of the risk management and internal control systems. Based on the review and the confirmation mentioned above, the Board concluded that risk management and internal control systems of the Company were effective and adequate.

ANTI-CORRUPTION AND WHISTLEBLOWING POLICY

The Company has in place the Whistleblowing Policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Department about possible improprieties in any matters related to the Company.

The Company has also put in place the Anti-Corruption Policy System to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal Administrative Supervision Team and Audit Office, which are responsible for investigating the reported incidents and taking appropriate measures. To further ensure effectiveness, the Company enforces strict preventive measures, including specific guidelines on gifts and entertainment, conflict of interest declarations, robust financial controls, and a supplier blacklist system. During the year ended 31 December 2025, the Company held anti-corruption training to all employees and carried out anti-corruption and anti-bribery activities covering essential topics such as anti-corruption laws, professional ethics, and case studies to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anticorruption and anti-bribery. There were no non-compliance cases in relation to corruption, bribery, extortion, fraud, and money laundering identified during the year ended 31 December 2025.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing of the financial statements of the Company that give a true and fair view of the financial position, performance and cash flow of the Group for the year ended 31 December 2025.

In preparing the financial statements, the Board has adopted generally accepted accounting standards in Hong Kong and suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable, and prepared the financial statement on a going concern basis. The Board is responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt over the Company's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

The Auditor is responsible for auditing and reporting its opinion on the financial statements of the Company. The independent auditor's report for the year ended 31 December 2025 is set out in the section headed "Independent Auditor's Report" of this annual report.

AUDITORS' REMUNERATION

The remuneration paid and payable to the external auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2025 is set out below:

Services Category	Fees Paid/Payable RMB'000
Audit services	
— IPO Audit	3,160
— Annual report audit	1,302
Non-audit services	—
Total	**4,462**

JOINT COMPANY SECRETARIES

Mr. YAU Tsz Lun of Tricor Services Limited, an external service provider, and Ms. ZHAN Liling, the vice director of the securities and legal department of the Company, have been serving as the joint company secretary of the Company with effect from 27 March 2026. The primary contact person of Mr. YAU Tsz Lun is Ms. ZHAN Liling.

Please refer to "Directors and Senior Management — Joint Company Secretaries" in this annual report for details.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meetings

Pursuant to Article 57 of the Articles of Association of the Company, Shareholders individually or jointly holding 10% or more of the Company's voting Shares are entitled to request in writing to the Board of Directors for an extraordinary meeting and add proposals to the meeting agenda. The Board shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, give a written reply on whether to convene the extraordinary meeting or not within 10 days after receipt of the written proposal. Should the Board approve the meeting, a notice is to be issued within 5 days after the Board's resolution where the Listing Rules provide otherwise or the Stock Exchange otherwise requires, such provisions shall prevail. Any change to the original proposal made in the notice shall be subject to the consent of the relevant Shareholders. In case the Board declines to convene the meeting or fails to respond within the stipulated 10-day period, the Shareholders individually or jointly holding 10% or more of the Company's Shares are entitled to submit a written proposal to the Audit Committee, urging the convening of an extraordinary meeting with additional proposals for the meeting agenda. If the Audit Committee agrees to convene the extraordinary meeting, it shall issue a notice of Shareholders' meeting within 5 days of receiving the request where the Listing Rules provide otherwise or the Stock Exchange otherwise requires, such provisions shall prevail. Any alternation to the original proposal in the notice shall be approved by the relevant Shareholders.

If the Audit Committee neglects to issue the notice within the prescribed period, it is deemed an indication of its unwillingness to convene and preside over the Shareholders' meeting. Consequently, Shareholders holding 10% or more of the Company's Shares for a consecutive period exceeding 90 days are entitled to independently summon and preside over the meeting.

Putting Forward Proposals at General Meetings

Pursuant to Article 62 of the Articles of Association of the Company, Shareholders individually or jointly holding 1% or more of the Company's Shares may submit ad hoc proposals in writing to the convener 10 days before a Shareholders' meeting is convened. The convener must issue a supplementary notice for the Shareholders' meeting within 2 days of receiving the proposal, which shall include the content of the ad hoc proposal, and shall submit the ad hoc proposal to the Shareholders' meeting for consideration, unless it is in violation of any law, administrative regulation or the Articles of Association or not within the scope of duties and powers of the Shareholders' meeting.

Putting Forward Enquiries to the Board and Contact Details

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Hongxing Coldchain Complex Building, No. 21, Section 1 Huanbao East Road Yuhua District, Changsha City Hunan Province, the PRC
Email:	hxll@hnhxld.com

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) will be available in person or via teleconference to meet Shareholders and answer their enquiries.

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Shareholders' Communication Policy

The Company adopts a shareholders' communication policy to guarantee continuous and effective communication with the Shareholders.

Up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access on the website of the Company at http://www.hnhxld.com.

The Company's management regularly reviewed the implementation and effectiveness of the shareholders' communication policy. Having considered the implementation and outcome of the shareholder communication channels of the Group and the practices of other listed companies, the Company confirmed its effectiveness for the year ended 31 December 2025.

Changes in Constitutional Documents

The Company has not made any amendments to its Articles of Association since the Listing Date. The latest version of the Articles of Association is posted on the websites of the Company and the Stock Exchange.

Dividend Policy

Pursuant to our Articles of Association, we will not have a formal dividend policy that provides for any pre-determined dividend payout ratio. We may adopt cash, shares or a combination of cash and shares for profit distribution. When the conditions for cash dividends are met, cash dividends shall take precedence over share dividends. In principle, we should conduct at least one profit distribution per year. Our Board may propose interim dividends and special dividends based on our profitability and capital requirements, which would have to be submitted to our Shareholders' meeting for approval. If we make a profit in the previous fiscal year and our accumulative distributable profits are positive, provided that our capital requirements for ordinary business operations are met, we shall distribute cash dividends. Any declaration and payment as well as the amount of dividends will be subject to the constitutional documents, applicable PRC laws and approval by the Shareholders.

The Board is not aware of any Shareholders having waived or agreed to waive any dividend.

Date: 13 April 2026

HONGXING COLDCHAIN (HUNAN) CO., LTD.
No. 21,
Section 1 Huanbao East Road,
Yuhua District, Changsha City,
Hunan Province, PRC.

Attn: HONGXING COLDCHAIN (HUNAN) CO., LTD.

Dear Sir/Madam,

RE: Preparation of Environmental Social Governance Report (the "ESG Report") as of the year end of 2025

In accordance with the instruction of HONGXING COLDCHAIN (HUNAN) CO., LTD., and collectively with its subsidiaries referred as the "**Group**", we have undertaken the ESG Report preparation exercise (hereinafter referred as the "**ESG Reporting Task**") involving the preparation of an ESG Report for the Group for the year ended 31 December 2025, with the reference to the Appendix C2 of the Main Board Listing Rules — ***Environmental, Social and Governance Reporting Guide*** as set out by Hong Kong Exchanges and Clearing Limited (hereinafter referred as the "***HKEx ESG Reporting Guide***").

This report covers the Group's overall performance in two subject areas, namely Environmental and Social for the operations in Mainland China for the Reporting Period from 1 January 2025 to 31 December 2025, unless otherwise stated.

Ascent Partners Advisory Service Limited (hereinafter referred as "**Ascent Partners**") is an independent firm providing a full range of advisory and valuation services. This report has been prepared independently. Neither Ascent Partners nor any authors of this report hold any interest in the Company or its related parties. The fee for providing this report is based on Ascent Partners' normal professional rates, whilst expenses (if incurred) are being reimbursed at cost. Payment of fees and reimbursements are not contingent upon the conclusions drawn in this report.

Yours faithfully

For and on behalf of
Ascent Partners Advisory Service Limited

Hauman Yeung

Program Director

Scarlett Li

Program Consultant

SCOPE AND REPORTING PERIOD

This is the ESG report of the HONGXING COLDCHAIN (HUNAN) CO., LTD. (the "**Company**" and collectively with its subsidiaries referred as the "**Group**") highlights its Environmental, Social, and Governance ("**ESG**") performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix C2 of the Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited.

The Group is a frozen food storage services and frozen food space leasing services provider, headquartered in Changsha, Hunan province. We primarily provide frozen food storage capacity and related warehouse management services, as well as lease trading space to frozen food wholesalers and retailers.

This ESG report covers the Group's overall performance in two subject areas, namely, the environmental and social aspects of its operations from 1 January 2025 to 31 December 2025 (the "**Reporting Period**"), unless otherwise stated. The major business operations identified in the Reporting Period include its headquarters and all its subsidiaries.

The Group has complied with all the "comply or explain" provisions set out in the ESG Reporting Guide during the Reporting Year. There were no significant changes in the scope of this Report or the Group's operations during the Reporting Period.

REPORTING PRINCIPLES

This ESG Report is prepared in accordance with the ESG Guide. The contents covered herein are in compliance with the provision of "Comply or Explain" as well as four reporting principles of materiality, quantitativeness, balance and consistency required in the ESG Guide.

Materiality — Materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, procedures, and results of the engagement of which are presented in the section "Stakeholder Engagement and Materiality" in the Report.

Quantitativeness — Key performance indicators ("**KPI**"s) have been established and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

Balance — This ESG Report presents the Group's performance during the Reporting Period in an impartial manner, avoiding choices, omissions or presentation formats that may unduly influence readers' decisions or judgements.

Consistency — Consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

BOARD STATEMENT

The Board is pleased to present the ESG Report of the Company for the year ended 31 December 2025.

As a leading provider of frozen food cold chain services, we recognize that our long-term success is intrinsically linked to the health of the environment, the well-being of our employees and communities, and the trust of our stakeholders. The Board has overall responsibility for the Group's ESG strategy and reporting, ensuring that sustainability considerations are integrated into our business operations and strategic decision-making.

The Board is committed to ensuring that our business operations incorporate consideration of their environmental and social impacts. During the year, we have strengthened our governance framework by maintaining direct Board oversight of climate-related issues and sustainability initiatives. We have reviewed our material ESG topics, assessed climate-related risks and opportunities, and begun to formalize our approach to managing them.

Looking ahead, we recognize that climate change poses both physical and transition risks to our business model, from potential supply chain disruptions to the need to adapt to a lower-carbon economy. Simultaneously, this transition presents significant opportunities for innovation, efficiency, and market leadership. We are committed to establishing a GHG emissions baseline and developing science-based reduction targets aligned with China's "3060" dual-carbon goals. Our investments in AI technology, automation, and green infrastructure will be key to capitalizing on these opportunities and enhancing our climate resilience. To further enhance our ESG governance, the Board has approved the establishment of a dedicated ESG Working Group in the coming year. This working group will be responsible for coordinating and implementing ESG initiatives across the Group, reporting directly to the Board. The Board will continue to oversee the integration of our sustainability strategy into our core business planning, ensuring that the Group remains a resilient, responsible, and thriving enterprise for years to come.

SUSTAINABILITY GOVERNANCE

The Board of Directors (the "**Board**") has overall responsibility for the Group's sustainability strategy and reporting. The Board is committed to ensuring that the Group's business operations incorporate consideration of impact on the environment, relevant social aspects, and good corporate governance. The Board currently oversees all ESG-related functions directly, setting sustainable development goals, defining key priorities, monitoring implementation progress, and integrating ESG governance into our strategic development.

To further strengthen our governance framework, the Group plans to establish a dedicated ESG Working Group in the coming year. This working group will be responsible for coordinating and implementing ESG initiatives across the Group, providing regular updates and recommendations to the Board.

The current governance structure is as follows:

- **The Board of Directors:** The highest decision-making body for ESG matters, responsible for approving the Group's ESG strategy, objectives, and performance. The Board currently exercises direct oversight of ESG matters.

- **Management and Department Heads:** Responsible for implementing ESG initiatives within their respective operational areas, including warehousing, administration, and finance. They report on progress and identify risks directly to the Board.

- **ESG Working Group (to be established):** A dedicated team to be formed in the coming year to coordinate ESG efforts across the Group, support the Board in executing the ESG strategy, and facilitate cross-departmental collaboration on sustainability initiatives.

The main duties and responsibilities of the ESG Working Group include:

- To review and advise the Board on ESG-related issues;
- To oversee the Group's ESG performance, particularly in regard to strategy and reporting;
- To review and approve ESG strategies, goals, and targets, and monitor progress;
- To oversee the assessment of the Group's environmental and social impacts and related risks;
- To identify and evaluate ESG and climate-related risks and opportunities; and
- To review the annual ESG Report and recommend it to the Board for approval.

In the future, the Board reviews ESG strategies, goals, targets, and material issues at least annually.

SUSTAINABILITY APPROACH AND STRATEGY

Our sustainability approach is rooted in our core principle of "Safety, Efficiency, and Green." We believe that long-term business success is built on responsible environmental stewardship, a commitment to our people, and the highest standards of governance. Our strategy is organized around three interconnected pillars: Environmental Stewardship, Social Responsibility, and Governance and Ethics, reflecting our most material ESG issues.

Environmental Stewardship: We are committed to minimizing our environmental footprint through energy efficiency, renewable energy adoption, and climate action. Key initiatives include our distributed photovoltaic power project, inverter-driven refrigeration systems, waste heat recovery, and smart warehouse management systems. We aim to establish a GHG emissions baseline and develop science-based reduction targets aligned with China's "3060" dual-carbon goals.

Social Responsibility: We prioritize the health, safety, and development of our employees while try to contributing positively to our communities. Our comprehensive safety management system, regular health checks, and employee training programs ensure a safe and supportive workplace. Through our rural revitalization efforts and role as a key enterprise supporting the "shopping basket program," we actively contribute to local economic development and food security.

Governance and Ethics: We uphold the highest standards of integrity, food safety, and data security. Our robust anti-corruption and anti-fraud management systems, ISO 22000 Food Safety Management System certification, and comprehensive information security policies provide a strong foundation for ethical and transparent operations. We will monitor our progress against established targets and report annually to ensure continuous improvement.

AWARDS AND CERTIFICATES

During the Reporting Period, the Group received numerous awards and recognitions, and maintained active memberships in key industry associations, underscoring our commitment to excellence and industry leadership.

- Hunan Provincial Leading Enterprise in Agricultural Industrialization
- Changsha Business Environment Monitoring Point
- National Standard Compliance Certificate for Food Cold Chain Logistics Handover Specifications

The Group was a member of the below associations during the Reporting Period:

- Vice President Unit of the Cold Chain Logistics Committee, China Federation of Logistics & Purchasing (CFLP)
- Board Member of the China Federation of Logistics & Purchasing
- Vice President Unit of the Hunan Logistics and Purchasing Federation
- Vice President Unit of the Hunan Agricultural Products Production and Marketing Association
- Member of the China Warehousing and Distribution Association

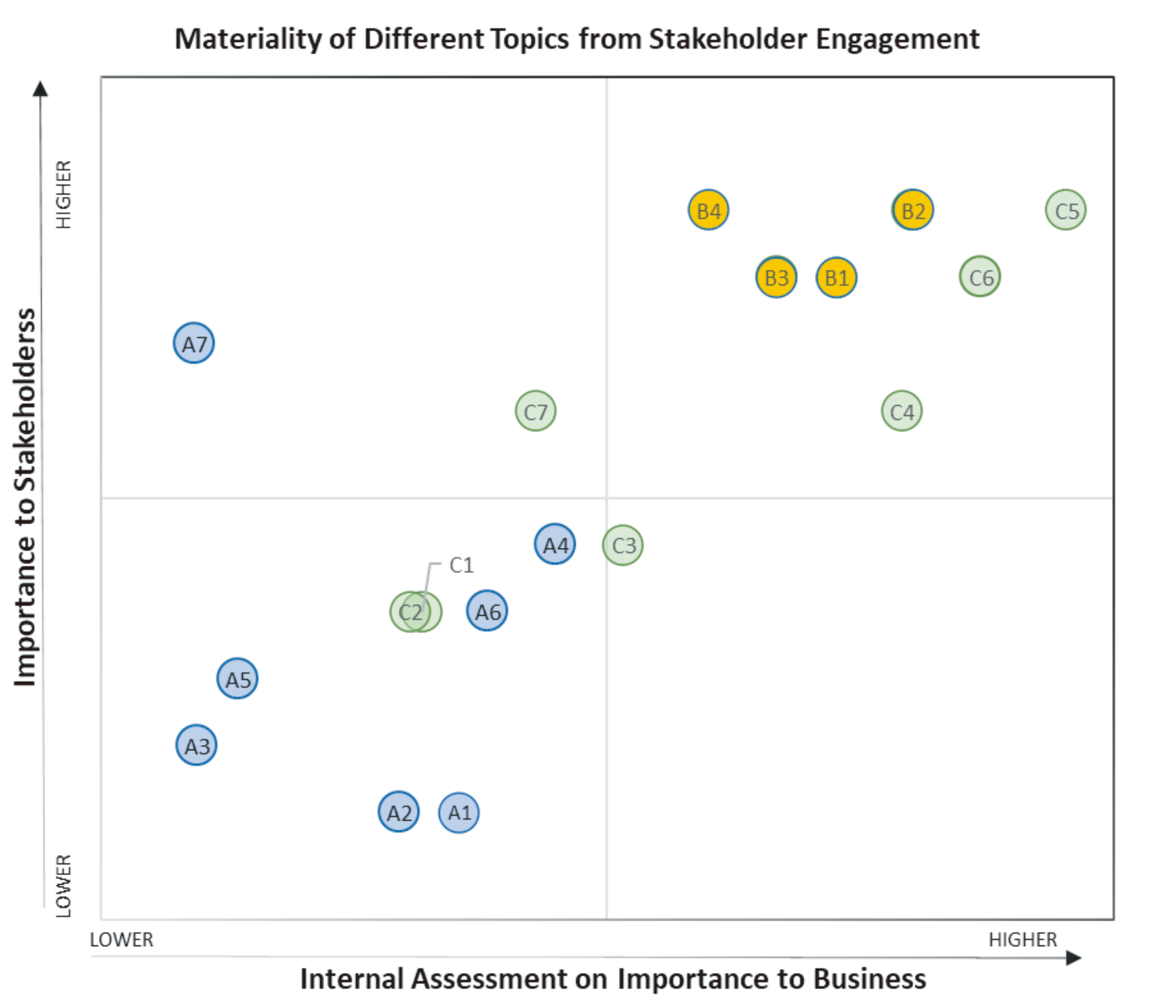
Certifications	Valid Date
ISO 9001:2015 Quality Management System	December 22, 2025–December 13, 2026
ISO14001:2015 Environmental Management System	December 22, 2025–December 13, 2026
ISO 45001:2018 Occupational Health and Safety Management System	December 22, 2022–March 29, 2028
ISO 22000:2018 Food Safety Management System	December 22, 2025–December 14, 2026

STAKEHOLDER ENGAGEMENT AND MATERIALITY

To identify the most significant aspects, the Group collects views and discusses ESG issues with its internal and external stakeholders through multiple channels. During the Reporting Period, the group specifically engaged with board members, shareholders, senior management, frontline staff and suppliers, to gain further insights into ESG material aspects and challenges.

In addition to the above, the Group has also incorporated the concept of double materiality into its materiality assessment process during the Reporting Period. Double materiality comprises of impact materiality, which considers actual and potential positive or negative impacts on people and the environment connected to the Group's operations, products, services, and value chain; as well as financial materiality, which considers sustainability-related risks and opportunities that could reasonably be expected to influence the Group's financial position, performance, cash flows, access to finance, or cost of capital over the short, medium, and long term. In line with the European Sustainability Reporting Standards ("**ESRS**"), this assessment shall cover the Group's own operations, as well as its upstream and downstream value chain.

The Materiality Matrix below shows the result of the materiality assessment process:



A. Environmental		B. Employees		C. Operational	
Energy	A1	Employment	B1	Supplier Management	C1
Water	A2	Occupational Health and Safety	B2	Intellectual Property	C2
Air Emission	A3	Development and Training	B3	Data Protection	C3
Waste and Effluent	A4	Labour Standards	B4	Customer Service	C4
Other Raw Materials Consumption	A5			Product/Service Quality	C5
Environmental Protection Measures	A6			Anti-corruption	C6
Climate Change	A7			Community Investment	C7

ASSESSMENT OF IMPACTS

Apart from engaging the Group's stakeholders and double materiality, the Board and the management of the Group have assessed the actual and potential impacts that the Group's operation could have. This assessment is based on the external professional's advice, the Materiality Finder of SASB Standards, and the list of sustainability matters in ESRS 1 AR 16. The assessment also considered the financial implications of identified impacts, dependencies, and regulatory developments, evaluating their potential effects on financial performance, cash flows, and cost of capital over short-, medium-, and long-term horizons.

Among the environmental and social aspects, the following topics are identified as the most important material issues based on stakeholder engagement and Board assessment:

- Customer Service
- Product/Service Quality
- Anti-corruption
- Employment
- Occupational Health and Safety
- Development and Training
- Labour Standards

According to stakeholders, the majority of the material ESG (Environmental, Social, and Governance) issues are related to social aspects. This year, we have also based on the Materiality Finder of SASB Standards to identify additional areas of significance to the Group. The Group has strictly managed these aspects through its policies and guidelines. The management of these aspects is discussed in detail in separate sections below.

The Group is dedicated to the ongoing pursuit of improvement in these and all relevant aspects. We will sustain close collaboration with our stakeholders to share perspectives and integrate feedback, thereby driving the continuous evolution of our ESG management framework.

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on our ESG approach and performance. Please give your suggestions or share your views with us via email at hxllcwb@hnhxld.com.

A. ENVIRONMENTAL PROTECTION

The Group is highly conscious of balancing development and environmental protection. We are committed to continuously improving our environmental sustainability and have implemented an ESG management framework aligned with our core principle of "Safety, Efficiency, and Green." To achieve this, the Group has implemented an environmental management system that ensures compliance with national and local laws and regulations related to environmental protection and pollution control. The specific laws and regulations that the Group strictly adheres to include, but are not limited to the following:

- Environmental Protection Law of the PRC;
- Environmental Impact Assessment Law of the PRC;
- Regulation on the Administration of Environmental Protection of Construction Projects;
- Law of the PRC on the Prevention and Control of Atmospheric Pollution;
- Water Pollution Prevention and Control Law of the PRC;
- Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste;
- Energy Conservation Law of the PRC;
- Fire Protection Law of the PRC; and
- Regulations on the Administration of Pollution Discharge Permits.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste had been identified during the Reporting Year.

Emission Management

Air Emissions

The Group's air emissions primarily arise from the combustion of fuels in stationary sources. The use of natural gas in production contributes to 9.36 kg nitrogen oxides ("**NOx**"), 0.05 kg sulphur oxides ("**SOx**"), and zero particulate matter ("**PM**") emissions. We are committed to monitoring and controlling these emissions.

Greenhouse Gas Emissions

During the Reporting Period, the Group's GHG emissions were contributed by:

— Scope 1 — Direct Emissions from operations that are owned by or controlled by the Group;

— Scope 2 — "Energy indirect" emissions resulting from the generation of purchased electricity; and

— Scope 3 — All other indirect emissions that occur outside the Group, including both upstream and downstream emissions.

Furthermore, while the scale of operations continues to expand, the Group is establishing better channels to collect, trace, and monitor the total amount of GHG emission emitted. As to gain a more comprehensively understanding of Scope 3 emissions connected to the Group's value chain, the Group shall also disclose 15 reporting categories of Scope 3 emissions where applicable to the Group's operations from this Reporting Period onward.

The Group has selected its measurement approach, inputs, and assumptions for calculating GHG emissions based on a principle of alignment with established regulatory frameworks and authoritative sources to ensure consistency, comparability, and reliability. The approach has been chosen to:

1. **Comply with Regulatory Expectations:** The Group primarily references the methodologies and emission factors set out by the HKEX, including Appendix C2 of the Main Board Listing Rules and their referred documentation, to ensure adherence to local disclosure requirements and to enable valid comparisons under appropriate conditions.

2. **Utilize Internationally Recognized Standards:** For Scope 3 emissions, the Group aligns its reporting with the "Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)", which is a globally accepted framework for value chain emissions accounting. The Group has also referenced the "Technical Guidance for Calculating Scope 3 Emissions (version 1.0)" published by the Greenhouse Gas Protocol to calculate its Scope 3 GHG emissions.

3. **Apply Credible and Geographically Relevant Data Sources:** Where HKEX-published factors are unavailable, the Group uses authoritative sources specific to its primary region of operation (Mainland China). These sources include the Ministry of Ecology and Environment of the People's Republic of China (which provides the emission factor for purchased electricity from the National Grid of the PRC), the IPCC for global warming potential values, and the International Civil Aviation Organization ("**ICAO**") Carbon Emission Calculator for business air travel emissions. These sources are selected for their scientific credibility, public availability, and relevance to the Group's operational context, thereby increasing the accuracy of its emissions inventory. For Scope 1 emissions from extinguishing agents, the 100-year Global Warming Potential (GWP 100) values of CO_2 are made with reference to the IPCC Fifth Assessment Report (AR5).

During the Reporting Year, the Group's business operation contributed to the GHG emission of 56,347.29 tonnes of carbon dioxide equivalent. The overall intensity of the GHG emissions for the Group was 0.22 tCO2eq./m2 in terms of total floor area or 238.24 tCO2eq./million RMB revenue.

The table below summarises the GHG emissions of the Group from different emission sources.

Scope of GHG emissions[1]	**Emission sources**		**2025 (in tCO_2e)**	**Total GHG Emission**
Scope 1 Direct emission	Combustion of fuels in stationary sources[2]	Natural Gas	138.25	0.25%
	Release of refrigerants from the operation of equipment and systems		0.02	
Scope 2 Energy indirect emission	Purchased electricity[3]		20,565.00	36.50%
Scope 3 Other indirect emission[4,5]	Category 1: Purchased goods and services		5.61	63.26%
	Category 2: Capital goods		35,483.48	
	Category 3: Electricity used for processing fresh and sewage water by government departments/ third parties		134.41	
	Category 5: Paper waste disposed at landfills		4.29	
	Category 6: Business air travel by employees[6]		1.11	
	Category 7: Employee commuting[7]		15.13	
Total[8]			56,347.29	100.00%

Note 1: Emission factors were referred to Appendix C2 to the Listing Rules and their referred documentation as set out by the Stock Exchange unless stated otherwise. Scope 3 emissions were only calculated based on the available emission factors from the referred documentation.

Note 2: Emission for the combustion of natural gas in stationary source was calculated with emission factors from Greenhouse Gas Protocol Calculation Tool — GHG Emissions from Stationary Combustion (Chinese fuel).

Note 3: According to The Ministry of Ecology and Environment of People's Republic of China: Emission factor of 0.5777 tCO_2e/MWh was used for purchased electricity from the National Grid of the PRC in 2025.

Note 4: Scope 3 GHG emissions were calculated based on available emission factors referred by Appendix 2 of "How to Prepare an ESG Report" set out by Hong Kong Exchanges and Clearing Limited, as well as based on the "Technical Guidance for Calculating Scope 3 Emissions (version 1.0)" published by Greenhouse Gas Protocol, unless stated otherwise.

Note 5: Data for other categories of scope 3 emissions have not yet been collected, and the Group currently does not have the capability to conduct data collection for these categories; however, the Group shall endeavour to dedicate resources to complete scope 3 emissions disclosure in due time.

Note 6: CO_2 emissions from the Group's business air travels were reported in accordance with the International Civil Aviation Organisation (ICAO) Carbon Emission Calculator.

Note 7: Due to lack of resources, our employee commuting was to be extrapolated from recent samples.

Note 8: Total GHG Emissions may not equal total sum of emission sources due to rounding errors.

Hazardous Waste

During the Reporting Period, the Group generated a total of 340.00 kg of hazardous waste. The intensity was 0.97 kg/staff or 1.44 kg/million RMB revenue.

All hazardous waste is managed in strict accordance with national regulations. All hazardous waste is collected, transported, and disposed of by qualified, licensed third-party.

Hazardous waste	Annual waste amount (kg)
Waste mineral oil	340.00

Non-hazardous Waste

The Group generated a total of 895,250.00 kg of non-hazardous waste during the Reporting Period. The intensity was 3.43 kg/m^2 or 3,785.25 kg/million RMB revenue. Non-hazardous waste primarily consists of domestic waste from daily operations, production-related domestic waste, and waste wood from damaged pallets. All non-hazardous waste is collected and managed by designated third-party services for appropriate disposal or recycling. Domestic waste is consolidated at a central waste station and transferred by the local sanitation department to landfills, incineration facilities, or kitchen waste treatment centers.

Hazardous waste	Annual waste amount (kg)
Waste wood	2,250.00
Domestic waste[1]	893,000.00

Note 1: Assume 1 m3 equal to 250 kg for the domestic waste.

Measures to Mitigate Emissions and Emission Reduction Targets

The Group is aware of the emissions generated from its operation and has implemented a range of measures to control and reduce them, with a strong focus on energy efficiency as electricity is our largest source of emissions. These measures include technical upgrades and operational optimizations:

- **Energy-Efficient Refrigeration Systems and heat recovery:** Implement inverter-driven compressors and fans, high-performance suspended evaporators, and waste-heat recovery to reduce compressor runtime and recover residual heat for defrosting and floor frost prevention, improving overall system efficiency.

- **Building and control improvements:** Enhance thermal insulation (seal inspections, high-speed roll-up doors, airlock chambers) and deploy low-temperature LED lighting with motion and daylight controls to minimize cold-air loss and eliminate unnecessary electricity use.

- **Renewable Energy Adoption:** The Group has implemented a 4.16 MW distributed photovoltaic power project, prioritizing on-site consumption for its facilities. The system commenced operations in December 2023.

Wastes Handling and Reduction Initiatives

The Group has set a new target to reduce its overall waste generation intensity by 10% by 2030, using 2025 as the baseline year.

The Group follows the principles of Reduce, Reuse, and Recycle. Key initiatives include:

- **Digital Documentation:** We continue to promote paperless workflows and digital documentation to reduce office paper consumption.

- **Pallet Reuse and Maintenance:** Where feasible, damaged wooden pallets are repaired and returned to service, extending their useful life and reducing waste.

- **Employee Awareness:** Waste reduction reminders are communicated to employees through internal channels, encouraging responsible disposal and minimization of single-use items.

- **Canteen Waste Management:** We promote food waste minimization in our employee canteen through portion control awareness programs.

Responsible Use of Resources

The Group upholds and promotes the principle of effective use of resources. We have implemented a well-established environmental management system and are progressing toward full certification for our service operations. Our policies include complying with environmental laws, minimizing resource consumption, enhancing resource efficiency, and strengthening environmental education.

Energy Management

During the Reporting Period, the Group's primary energy consumption comes from purchased electricity. We are dedicated to improving energy efficiency.

The detailed energy consumption is summarized in the table below.

Energy Consumption Sources	2025 Direct Consumption	2025 Consumption *(in kWh)*
Electricity	35,598,063.00 kWh	35,598,063.00
Natural Gas (Stationary)	67,870.00 m^3	670,860.00
TOTAL		36,268,923.00
Energy Use Intensity (kWh/m^2)		138.96

Energy Use Efficiency Initiatives

The Group recognizes that electricity is the largest source of energy consumption and operational cost for our cold storage facilities, and consequently our most significant source of carbon emissions. We are therefore committed to continuous improvement in energy efficiency through a combination of technological upgrades, smart management systems, and employee engagement. The Group has set a new target to reduce overall energy use intensity by 10% by 2030, using 2025 as the baseline year.

Technical Upgrades

- **Refrigeration System:** Inverter-driven compressors and fans adjust power output based on real-time thermal load, achieving an estimated 20–30% energy savings compared to fixed-speed equipment.

- **Evaporators:** High-efficiency suspended evaporators improve heat exchange, reducing compressor runtime and energy demand.

- **Thermal Insulation:** Regular inspections and upgrades of door seals and high-speed doors minimize cold air leakage. Airlock chambers have been installed in older facilities to further reduce energy loss.

- **LED Lighting:** Low-temperature LED explosion-proof lights with motion sensors in stairwells ensure lights are only active when needed ("**occupancy-based lighting**").

- **Waste Heat Recovery:** Residual heat from refrigeration systems is captured and repurposed for defrosting evaporator coils and preventing floor frost, creating a circular energy loop.

Smart Management

- **Warehouse Management System (WMS):** Precisely locates inventory and optimizes inbound/outbound paths to minimize door opening time and reduce cold air loss.

- **On-Demand Defrosting:** Defrost cycles are triggered only when necessary based on frost thickness, reducing unnecessary energy consumption and preventing temperature fluctuations.

- **"Full Pallet" Shipments:** Customers are encouraged to order by full pallet to reduce piece-picking and associated prolonged door openings.

Employee Engagement

- **Energy-Saving Training:** Regular training for employees on practical actions such as promptly closing doors and turning off lights.

- **Incentive Mechanism:** Developing a system to encourage and reward employee suggestions for energy-saving improvements

Water Consumption

During the Reporting Period, the total water consumption for the Group was 281,917.00 m^3, with an intensity of 807.79 m^3/staff, and 1,191.99 m^3/million RMB revenue. The Group sources water from the municipal supply and has encountered no issues in sourcing water fit for purpose.

Water Use Efficiency Initiatives

The Group has set a new target to reduce total water consumption intensity by 10% by 2030, using 2025 as the baseline year. The Group is committed to enhancing water use efficiency through technical upgrades and process control.

- **Evaporative Condensers:** Replacing traditional water-cooled condensers with evaporative condensers (a combination of water and air cooling) to significantly reduce cooling water consumption.

- **PLC Automatic Control:** Using PLC systems to precisely monitor pressure and automatically control fans and pumps, optimizing water and energy use.

- **Water Treatment:** Implementing water treatment to prevent scaling and corrosion, which maintains heat exchange efficiency and also saves the energy that would be lost due to inefficiency.

- **Efficient Cleaning:** Using high-pressure spray guns for condenser cleaning, which uses minimal water for maximum cleaning power, and implementing a scientific cleaning schedule to avoid overuse of water.

Packaging Material

The Group utilizes packaging materials in its operations, primarily plastic stretch film for securing and stabilizing goods during storage and transportation. During the Reporting Period, the Group consumed a total of 149.50 kg of packaging materials. The intensity was 0.43 kg/staff or 0.63 kg/million RMB revenue.

The Environment and Natural Resources

Significant Impacts of Activities on the Environment

The Group's primary impacts on the environment stem from its energy and water consumption and waste generation. We are committed to minimizing these impacts through the initiatives detailed in sections above. We are also dedicated to minimizing the environmental impact of refrigerant emissions. Our refrigeration systems utilize 100% ammonia as the refrigerant. To minimize leaks, ammonia concentration alarms are installed, and personnel conduct 24/7 monitoring and regular inspections. Any leaks are promptly identified and addressed.

Climate Change Mitigation

Governance

The Group recognizes that climate change presents both risks and opportunities that could impact our business operations, supply chain, and long-term strategic development. The Board of Directors has ultimate oversight of climate-related issues. The board is responsible for guiding the Group's response to climate change, reviewing climate-related risk assessments, and ensuring that climate considerations are integrated into our business strategy.

The Group has not delegated climate-related responsibilities to a specific management-level position or committee. Instead, department heads are responsible for implementing climate-related initiatives within their operational areas and report progress and risks directly to the Board. The Group plans to establish a dedicated ESG Working Group in the coming year, which will coordinate climate-related efforts across the Group and report directly to the Board. Management uses controls and procedures to support oversight of climate-related risks and opportunities. These include climate risk assessments, scenario analysis and integration with the Group's broader risk management system. Outputs from the climate risk assessment are presented to executive leadership and the Board alongside other enterprise risks. Specific operational controls such as energy efficiency initiatives, GHG emissions monitoring, intensity reduction targets, and smart management systems are embedded into daily operations, with progress reported by department heads to the Board.

For further details of the Group's ESG governance, please refer to the section "Sustainability Governance".

Strategy and Risk Management

The board has identified the following climate-related risks, their time horizons, risk levels, current and the potential impacts. The Group integrates climate-related risks into its risk management framework, where they are assessed alongside operational, financial, and compliance risks using a consistent approach that considers likelihood, potential impact, and time horizon (short-, medium-, or long-term). The Group has not assigned a formal quantitative ranking that places climate risks above or below other risk types. Instead, climate risks are prioritised by presenting the outputs from the climate risk assessment (including physical and transition risks) to executive leadership and the Board alongside other risk reports. As a result, climate-related risks receive the same level of consideration as other enterprise risks. The Board exercises ultimate oversight to ensure that material climate risks receive appropriate attention in strategic decision-making, including the allocation of resources to energy efficiency, emissions reduction targets, and climate resilience measures.

Climate Risks	Time horizon	Trend	Potential Impact on Business	Potential Impact on Value Chain
Physical Risks				
Acute	Short term	Increase	Extreme weather events, such as typhoons, floods, or severe storms, may cause temporary disruption to cold storage operations, potential damage to facilities, and disruption to logistics networks, leading to revenue delays, increased repair costs, and potential product loss.	Supply chain interruption for customers' frozen goods; damage to local logistics infrastructure delaying inbound and outbound shipments; increased product spoilage risk for downstream food retailers.
Chronic	Long term	Increase	Long-term increases in average temperatures may increase the cooling load on our refrigeration systems, resulting in higher energy consumption and utility costs. This could compress profit margins if not offset by efficiency gains.	Upstream suppliers may face higher costs for raw materials; downstream customers may experience price increases for cold storage services; increased need for temperature-controlled transport.

Climate Risks	Time horizon	Trend	Potential Impact on Business	Potential Impact on Value Chain
Transition Risks				
Technology	Medium-term	Increase	The Group may need to invest in more energy-efficient refrigeration systems, automation technology, or facility upgrades to remain competitive and compliant with evolving standards, resulting in capital expenditure requirements.	Suppliers of refrigeration equipment may need to provide lower-GWP alternatives; customers may demand traceability of energy-efficient storage.
Policy and Legal	Long-term	Increase	Implementation of tightened environmental regulations, potential carbon pricing mechanisms, or enhanced energy efficiency standards could increase operational costs, including compliance monitoring, energy audits, and carbon reporting obligations.	Regulations may require cold chain operators to disclose Scope 3 emissions across the value chain; non-compliance could result in fines or restricted market access.
Market	Medium-term	Increase	Shift in customer and consumer preference towards sustainably produced and stored food products. Customers may prioritize service providers with strong environmental credentials, potentially impacting market share for those who fail to adapt.	Downstream customers may require low-carbon cold storage certification; upstream equipment suppliers may need to provide verified energy-efficient solutions.
Reputation	Medium-term	Increase	Stakeholder concerns regarding climate-related performance may influence investor sentiment, brand perception, and customer trust, potentially impacting access to capital and long-term brand value.	China's "3060" dual-carbon strategy imposes reputational risks if the Group fails to demonstrate progress toward carbon neutrality; non-compliance may lead to negative media coverage and loss of business partners.

Opportunity	Time Horizon	Current and Anticipated Impacts	Current and Anticipated strategies/responses to address the opportunity
AI-Powered Operational Optimization	Medium-term	**Positive effect on Financials:** Significant long-term operational cost savings through enhanced energy efficiency, reduced manual labor, optimized inventory management, and minimized product loss. Improved profit margins. **Positive effect on business model:** Establishes a technological moat, positioning the Group as a leader in smart, efficient cold chain logistics, which can be a key differentiator in a competitive market. **Positive effect on value chain:** Provides customers with digital tools for real-time visibility into their inventory and shipment status, enhancing transparency, trust, and the overall customer experience.	**Invest in Intelligent Systems:** Deploy AI-powered Warehouse Management Systems (WMS) for optimized storage paths, automated data analysis for predictive maintenance and energy management, and computer vision for enhanced inventory accuracy. **Implement Automation:** Integrate AGV forklift robots for automated storage retrieval and transport, and sorting/pelletizing machines to increase processing speed and reduce operational costs. **Develop Customer-Facing Digital Tools:** Create a mobile app for customers to track orders and storage in real-time, and implement live dashboards for monitoring storage conditions, as outlined in our growth plans.

Taking the time horizon of the above-mentioned risks into consideration, the Group has organised its strategic decision-making into three phases:

- **Short-term (0–3 years):** This phase covers the period during which the Group faces urgent physical risks (e.g., extreme weather disrupting cold chain operations). The focus of short-term strategies is to strengthen facility resilience (backup power systems, flood protection), complete the establishment of the ESG Working Group, and begin systematic Scope 3 data collection.

- **Medium-term (3–10 years):** During this period, the Group must consolidate its climate risk management, deepen energy efficiency initiatives and make measurable progress toward the 2030 intensity reduction target.

- **Long-term (10+ years):** This period extends to the long-term, systemic impacts of climate change. Structural changes can be made to mitigate and adapt to profound climate effects, including full transition to renewable energy sources, adoption of next-generation low-GWP refrigeration technologies, and integration of climate performance indicators into executive compensation.

As climate-related risks and opportunities continue to grow, the Group may consider steadily increasing capital investment in climate adaptation and mitigation measures over the coming years to reduce potential impacts on the Group. During the Reporting Period, the Group has yet to allocate a dedicated budget to climate-related works. The Group has adopted capabilities relief for the disclosure of anticipated financial effects from climate-related risks and opportunities for the Reporting Period, and may provide quantifiable financial information in the future.

Climate Scenario Analysis

To assess the Group's strategy to climate-related changes, developments, and uncertainties, the Group has conducted climate related scenario analyses to assess its climate resilience. The Group has taken into account two possible scenarios as suggested by the HKEX[1]:

Climate Scenario	Global Average Temperature Increase	Major Impacts
Turquoise	Projected to rise approximately 1.7°C by 2060 and approximately 1.8°C by 2100	— Increased demand for energy-efficient cold storage solutions and AI-powered warehouse management systems from frozen food customers.
		— Growth in the market for green cold chain logistics and low-carbon storage services.
		— Enhanced focus on circular economy practices, including pallet reuse, waste reduction, and extended equipment lifecycles for refrigeration systems.
Brown	Projected to rise approximately 2.4°C by 2060 and approximately 4.4°C by 2100	— Heightened risk of regulatory non-compliance leading to financial penalties, particularly as carbon reporting requirements for energy-intensive cold storage operators become more stringent.
		— Disruption of cold chain logistics and warehouse operations due to extreme weather events (typhoons, floods, heatwaves), potentially affecting service availability and frozen product integrity.
		— Increased operational costs associated with carbon pricing on electricity consumption, mandatory energy efficiency upgrades for refrigeration systems, and higher insurance premiums for warehouse facilities.

1 HKEX. (2021). Guidance on climate disclosures. Hong Kong Exchanges and Clearing Limited. https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/guidance_climate_disclosures_c.pdf

The Group has adopted capabilities relief for the in-depth assessment and analysis of its strategy and business model to climate-related changes, developments, and uncertainties for the Reporting Period, and will perform a detailed climate-related scenario analysis in the future.

Metrics and Targets

To measure the level and impact of the Group's climate-related risks, the Group monitors metrics and indicators to ensure an effective and quantitative assessment. The Group monitors and reviews its GHG emissions (in tCO_2e.), total GHG emissions (in tCO_2e), and GHG emission intensity (in tCO_2e/m^2 and tCO_2e/million RMB revenue) regularly. The GHG emission data and information about target setting are shown in the section "Emissions" of this Report.

The Group has set a new five-year target to reduce the overall emission intensity by 10% by 2030, using the intensity levels of 2025 as a baseline. This target is informed by the latest international agreement on climate change, including the Paris Agreement, an international accord to limit global warming, as well as the national target of carbon neutrality by 2060. This target has not been validated by a third party. It is a gross target for the reduction of emissions without taking into account potential offsets further reducing the net impact. Although the Group does not need to rely on carbon credits to hit its targets, a future implementation of those would further reduce the impact.

The Group has adopted reasonable information relief for the disclosure of the amount and percentage of assets or business activities vulnerable to climate-related transition risks and climate-related physical risks. The Group may consider providing quantifiable financial information on the above-mentioned disclosures, including the amount and percentage of assets or business activities vulnerable to risks, in the future.

The Group has adopted reasonable information relief for the disclosure of the amount and percentage of assets or business activities aligned with climate-related opportunities. The Group may consider providing quantifiable financial information, including the amount and percentage of assets or business activities aligned with opportunities, at a later stage.

During the Reporting Period, the Group has yet to deploy capital expenditure, financing, or investment towards climate-related risks and opportunities. The Group has not yet developed a formal climate-related transition plan. The Board may consider developing a transition plan in due time and could disclose further details in future reporting periods.

As of the end of the Reporting Period, the Group does not apply a carbon price in its decision-making process, nor does the Group factor climate-related considerations into its remuneration policy. The Group may explore these measures in the future, but no decision has been made.

B. SOCIAL

Employment and Labour Practices

The Group stringently complies with the national and local laws and regulations concerning employment and labour practices, including but not limited to:

- Labour Law of the PRC;
- Labour Contract Law of the PRC;
- Production Safety Law of the PRC;
- Law of the PRC on the Prevention and Control of Occupational Diseases;
- Law of the PRC on the Protection of Rights and Interests of Women;
- Regulations on Paid Annual Leave for Employees;
- Social Insurance Law of the PRC; and
- Provisions on the Prohibition of Using Child Labour.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare had been identified during the Reporting Period.

Employment

Employment Policies

During the Reporting Year, there were no major changes in employment policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity and anti-discrimination and other benefits and welfare for the Group. The Group has implemented a comprehensive human resource management system that defines our recruitment principles, prioritizing equality and diversity in the workplace.

The Group prescribes the policies and procedures relevant to employee benefits, welfare and compensation. Working hours are arranged in accordance with the law and the individual employee's job position.

Compensation and Benefits Package

The Group offers competitive remuneration packages to employees in accordance with their performance, relevant skills, experience and contribution. The Group also offers other benefits including statutory holidays, social insurance (pension, medical, unemployment, work-related injury, maternity), and housing provident funds.

The Group has established a comprehensive and diverse welfare system, including holiday gifts, birthday benefits, annual health checkups, employee activities, and meal subsidies. Employees are entitled to national statutory holidays, annual leave, sick leave, marriage leave, maternity/paternity leave, and bereavement leave. Female employees receive 158 days of maternity leave and male employees receive 20 days of paternity leave.

Equal Opportunity

As an equal opportunity employer, the Group is committed to creating a fair, respectful and diverse working environment. We prioritize equality and diversity in the workplace, ensuring equal opportunities for all employees. The Group prohibits any form of discrimination based on nationality, race, ethnicity, religion, gender, age, disability, family status, or any other factor protected by law. We recognize that a diverse workforce is critical to our success, fostering innovation and adaptability.

Communication

The Group believes that an inclusive corporate culture is essential to our success. We value the opinions of our employees and encourage them to participate in the decision-making process. Each year, we conduct satisfaction surveys of our staff to gain insight into their needs and expectations, and to assimilate their views and suggestions, with special surveys to investigate and address major service adjustments or recurring complaints.

Through a multi-faceted, grassroots care and support mechanism, we understand our employees' genuine needs, assisting them in addressing real-life challenges. This approach not only enhances employees' sense of belonging and well-being but also strengthens their cohesion and identification with us.

Employee Profile and Turnover

Workforce

The Group had a total number of 349 employees as of 31 December 2025. See below for the detail breakdown of 2025 total workforce by gender, employment type, employee category, age group, and geographical region.

	Number of Employees	Percentage %
Employment type		
Full-time	349	100.00%
Part-time	0	0.00%
Employee category		
Senior management	7	2.01%
Middle management	24	6.88%
Frontline and other staff	318	91.12%
Age group		
18–25	10	2.87%
26–35	59	16.91%
36–45	176	50.43%
46–55	95	27.22%
56 or above	9	2.58%

	Number of Employees	Percentage %
Gender		
Male	238	68.19%
Female	111	31.81%
Region		
Mainland China	349	100.00%

Turnover

During this Reporting Period, a total of 28 employees left the Group, with an annual staff turnover rate of 8.02%. See below for the detail breakdown of turnovers by gender, age group, and geographical region during the Reporting Period.

	Number of Employees	Percentage %
Employment type		
Full-time	28	8.02%
Part-time	0	0.00%
Employee category		
Senior management	1	14.29%
Middle management	5	20.83%
Frontline and other staff	22	6.92%
Age group		
18–25	3	30.00%
26–35	10	16.95%
36–45	5	2.84%
46–55	8	8.42%
56 or above	2	22.22%
Gender		
Male	20	8.40%
Female	8	7.21%
Region		
Mainland China	28	8.02%

Employee Health and Safety

The Group is committed to providing a healthy and safe working environment for all employees. We undertake to safeguard the health and safety of our employees and require all employees to strictly observe health and safety measures. The Group strictly complies with the PRC Production Safety Law, the PRC Law on the Prevention and Control of Occupational Diseases, the Fire Protection Law of the PRC, and other relevant regulations.

The Group has implemented several management practices to ensure the health and safety of its employees:

- **Fire safety management:** In accordance with the Fire Protection Law, a fire safety system is maintained. Fire safety officers conduct weekly unit inspections; the Work Safety Office carries out monthly inspections, issues corrective notices for identified hazards, monitors remediation, and holds responsible parties accountable.

- **Health surveillance:** Regular occupational health checks are organized and provided for all employees.

- **Training:** Mandatory health and safety training is required for all staff. Annual Safety Work Month activities reinforce awareness, enhance risk prevention and control, and promote employee safety discipline.

The Group has a permanent safety committee office, operating under executive leadership, coordinating 22 members led by our general manager and deputy general managers. This structure steers oversight across production safety, food security, equipment integrity, and fire prevention, reinforced by quarterly operational reviews to assess departmental safety performance. The Group has achieved ISO 45001 Occupational Health and Safety Management System certification for prepackaged food (refrigerated frozen food) sales within permitted scope.

There were no work-related fatalities in the last three Reporting Period. There were two injury cases during the Reporting Period, which resulting in a total of 127 lost days.

	2025
Work related fatality	0
Work injury cases >3 lost days	2
Work injury cases ≤3 lost days	0
Lost days due to work injury	127

Development and Training

The Group provides comprehensive career development and training to employees. Our mature training system encompasses basic training, skills training, and mindset training, ensuring employees are well-versed in corporate culture, roles, and responsibilities.

- **New Employee Training:** Each new employee receives orientation training at the company level and on-the-job training at the departmental level. Training focuses on corporate culture, operational fundamentals, and service standards.

- **On-the-Job Training:** For junior employees, training focuses on operational fundamentals and service standards. Skills training covers safety and efficiency to enhance productivity.

- **Mindset Training:** Covers psychology, human relations, sociology, values, and political awareness, delivered by professional instructors to foster mutual trust and support employees' self-realization.

Through these comprehensive training initiatives, the Group aims to foster a knowledgeable and skilled workforce. During the Reporting Period, all employees received training, with an average of 3.35 training hours. Please refer to the following table for the details of staff training in 2025:

	% of employees trained	Average training hours per employee
By employee category		
Senior management	100%	25.00
Middle Management	100%	12.88
Frontline & other staff	100%	2.12
By gender		
Male	100%	3.37
Female	100%	3.32

Labour Standards

The Group strictly prohibits child and forced labour in all its operations. It adheres to all relevant laws and regulations concerning employment and labour standards, including the Labour Law of the PRC, the Labour Contract Law of the PRC, and the Provisions on the Prohibition of Using Child Labour.

The Group requires all applicants to provide true and accurate personal information. The Human Resources Department stringently verifies information provided against identity documents and academic certificates during recruitment to guard against child labour. No persons under 16 years old shall be employed according to Group guidelines.

All employment is voluntary. The Group does not use any form of forced, bonded, or involuntary prison labour. Employment contracts are signed freely by both parties, clearly outlining the terms and conditions of employment, including working hours, compensation, and resignation rights. The Group prohibits unauthorised overtime work. Working hours are clearly stated in employment contracts.

During the Reporting Period, no instances of non-compliance with laws and regulations related to the prevention of child and forced labour were identified. There were no significant risks associated with incidents of child or forced labour in the Group's operational sites, and no child or forced labour was employed by the Group.

Operating Practice

Supply Chain Management

The Group believes that suppliers' responsible practices are critical to business excellence. We are committed to building a responsible and sustainable supply chain through stringent standards and systematic management. We conduct comprehensive supplier evaluations prior to cooperation, assessing both product/service quality and social responsibility.

The Group encourages suppliers to fulfill their social responsibilities and jointly advance sustainable industrial chain development. This includes preferential procurement of environmentally conscious materials, products, and services featuring energy efficiency, water conservation, and material reduction. We monitor supplier compliance with ISO certifications related to environmental management (ISO 14001) and occupational health and safety (ISO 45001) systems.

During the Reporting Period, the Group primarily engaged a total of 33 suppliers from Mainland China for the supply of raw materials, cleaning, maintenance, and loading and unloading service.

Product Responsibility

The Group is committed to providing high-quality, safe cold chain services. We prioritize food safety and are dedicated to establishing a supply chain system that guarantees food quality and safety We comply with all relevant laws, such as the Food Safety Law of the PRC, the Advertising Law of the PRC, Product Quality Law of the PRC and Consumer Rights and Interests Protection Law of the PRC. There were no material instances of non-compliance during the Reporting Period.

Food Safety and Quality Assurance

The Group has established a food safety traceability system. Food producers and operators shall establish a whole process food safety traceability system, and truthfully record and keep information on procurement inspection, pre-delivery examination, and food sales to ensure the traceability of food products.

In addition, the Group apply advanced temperature control systems at our storage warehouses, which maintain precise storage conditions at minus 18°C or below. By leveraging IoT technology, we enable real-time monitoring of frozen food storage environments, ensuring immediate alerts for any temperature deviations. This precision is further supported by our backup power systems, designed to activate promptly during power outages, guaranteeing uninterrupted frozen food storage operations. The reliability of our technological infrastructure is complemented by our comprehensive emergency response framework. We have developed detailed contingency plans addressing various scenarios such as fires, equipment malfunctions, and natural disasters. Regular drills ensure our team's preparedness, while our risk assessment and prevention measures minimize potential disruptions. During the Reporting Year, the Group did not recall any products due to safety and health reasons.

Customer Service and Complaint Management

During the Reporting Period, the group has no major complaints. The Group has established a formal customer service and complaint-handling mechanism to ensure customer issues are addressed promptly and effectively. Customers may submit feedback via multiple channels: an online QR code complaint platform, face-to-face communication, and telephone complaints. All complaints are logged, investigated, and resolved in a timely manner; the Group uses a "Customer Complaint Handling and Follow-up Form" to document and track the resolution process.

Data Protection

The Group understands its indispensable responsibility for personal data privacy protection. We have implemented comprehensive policies to safeguard information.

- **Confidentiality Management System:** The system classifies company secrets into three levels. Top Secret covers the most critical information, such as major decision documents and strategic customer contracts. Confidential includes important information such as warehousing cost structures, logistics network layouts, company plans, financial statements, and key meeting records. Secret covers general confidential items, including routine customer communication records, non-core equipment parameters, personnel files, contracts, and employee salary information.

- **Information Security Management System:** The system mandates secure practices for hardware, software, data, networks, and physical access to the data center. This includes access controls, password policies, data encryption, backup and recovery procedures, and regular security audits.

- **Data Protection Principles:** Personal data shall be collected only to the extent relevant and necessary for business operations and shall be used solely for the purposes for which it was collected. Personal data must not be transferred or disclosed without the data subject's consent, except where disclosure is required by law. Appropriate security measures shall be maintained to prevent unauthorized access, alteration, disclosure, or loss of personal data.

- **Access Control:** The Group has established clear protocols for accessing confidential information. The information platform, inventory management system, and logistics management system are configured with tiered access rights, and operation logs are retained for at least three years.

- **Physical Security:** Refrigeration operation control rooms and archives are equipped with access control and monitoring. External visitors must be accompanied at all times. Paper documents are stored in locked filing cabinets, and discarded documents are destroyed using shredders.

- **Employee Training and Responsibility:** The Information Department strictly adheres to confidentiality regulations. Unauthorized provision of data or information to external parties is prohibited. Software must be managed by designated personnel, and unauthorized copying, downloading, or lending is forbidden. Employees shall not share their passwords with others.

- **Supervision and Penalties:** Quarterly confidentiality inspections are conducted, focusing on the security of cost data, warehouse data, and temperature control data. Violations range from verbal warnings and performance deductions for minor infractions to termination of employment and legal prosecution for major breaches.

During the Reporting Year, there was no non-compliance case noted in relation to data privacy that had a significant impact on the Group.

Intellectual Property Management

The Group protects its intellectual property rights in accordance with relevant laws and regulations. We have established an Intellectual Property Management System to regulate activities involving technology development, product design, software use, trademark/domain name management, and cooperative development.

As stated in employment contracts, disclosure of operation-related management and technology, market or financial information, confidential information of customers, business operations, designs, and any other trade secrets is strictly prohibited. During the Reporting Year, there was not any material intellectual property infringement claims by third parties or suffered any material intellectual property infringement by third parties.

Anti-corruption

The Group stresses maintaining high ethical standards and integrity in its business operations. We have implemented comprehensive policies to prevent bribery, extortion, fraud, and money laundering.

Anti-corruption Framework

The Group strictly follows the Anti-unfair Competition Law of the PRC, Company Law of the PRC, Criminal Law of the PRC, and other laws and regulations related to commercial bribery.

- **Anti-Corruption and Anti-Financial Crime Management System:** This system, guided by principles of compliance, zero tolerance, and prevention, ensures lawful and compliant operational activities. It explicitly prohibits any form of commercial bribery, embezzlement, money laundering, and false transactions.

- **Anti-Fraud Management System:** This system defines various types of fraud and establishes the organizational structure and procedures for prevention, detection, investigation, and response. The Administrative Supervision Team and Audit Office are key bodies responsible for its implementation.

- **Code of Conduct:** As stated in internal policies, all employees are required to carry out business operations with integrity. Potential or actual bribery, extortion, fraud, and money laundering are strictly prohibited. Employees violating such prohibitions are subject to warnings and disciplinary action, including dismissal.

- **Preventive Measures:**

  - Clear business management and approval processes.

  - Specific guidelines on gifts and entertainment (single value exceeding RMB200 must be registered and surrendered).

  - Convenient whistle-blowing procedures.

  - Declaration of conflict of interest.

  - Supplier blacklist system prohibiting cooperation with third parties having bribery records.

  - Financial controls including joint signature requirements for single transactions exceeding RMB100,000.

Whistle-blowing Mechanism

The Group has established a robust reporting mechanism with multiple channels, including a WeChat QR code reporting platform placed in conspicuous locations. The system guarantees the protection of whistle-blowers from retaliation. Upon receiving reports, all business units must escalate them for appropriate action. Reports can be made in writing or via email. The Audit Department initiates a preliminary investigation within 5 working days of receiving a report. Major cases are escalated to the Board for the formation of a special investigation team, which may engage external audit or legal institutions if necessary. Investigation results must be reported within 30 days.

Anti-corruption Training

To combat corruption and avoid misconduct incidents, the Group acknowledges the significance of providing anti-corruption training to employees. The training covered essential topics including anti-corruption laws and regulations, professional ethics, and case study education.

No non-compliance with relevant laws, legal case and regulations that have a significant impact on the Group relating to corruption, bribery, extortion, fraud and money laundering had been identified during the Reporting Period.

Community Investment

The Group endeavours to implement corporate social responsibility and proactively participates in activities that benefit society. We recognize our role as a responsible corporate citizen and are committed to contributing positively to the communities in which we operate. We have established a social responsibility management system that safeguards the legitimate rights of shareholders, employees and consumers while pursuing economic benefits and actively fulfilling obligations to suppliers, operators, customers, communities, the environment and other stakeholders to promote sustainable economic, social and environmental development.

Since its inception, the Group has consistently prioritized rural revitalization initiatives. We continuously optimize the business environment to support merchant growth while establishing robust channels for farmer income enhancement. Our business not only drives rural economic development and farmer prosperity but also introduces modern technologies and management systems to rural areas, comprehensively advancing our rural revitalization strategy.

- **Rural Revitalization Initiatives:** Continuously optimized business environment to support merchant growth and established channels for farmer income enhancement through cold chain logistics network.

- **Agricultural Industrialization Support:** Integrated resources through national core cold chain logistics base to generate rural employment opportunities and accelerate agricultural industrialization progress.

Understanding that promoting community well-being is a material topic to its stakeholders, the Group will consider putting more resources to further enhance its performance in the coming years.

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Independent auditor's report
To the shareholders of Hongxing Coldchain (Hunan) Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Hongxing Coldchain (Hunan) Co.,Ltd. (the "**Company**") and its subsidiary (the "**Group**") set out on pages 85 to 144, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition from contracts with customers	
The Group is primarily engaged in the provision of frozen food storage services and loading services. During the year ended 31 December 2025, the Group recognised revenue from frozen food storage services and loading services amounting to RMB188,944,000. Revenue was significant to the consolidated financial statements as a whole. Besides, revenue is one of the performance indicators of the Group. Therefore, revenue recognition from contracts with customers was identified as a key audit matter. Relevant disclosures are included in notes 2.4 and 5 to the consolidated financial statements.	Our procedures in relation to revenue recognition on frozen food storage services and loading services included but not limited to the following: • Obtained an understanding of the Group's revenue recognition process, evaluated and tested the design and operating effectiveness of the key controls over the revenue recognition; • Inspected the contracts with major customers on a sample basis to understand the terms and circumstances of the transactions and assess whether the proper accounting standard was applied and the Group's revenue recognition criteria were in accordance with the requirements of the prevailing accounting standards; • Performed analysis procedures on revenue and gross margin by service types to check whether there were abnormal fluctuations; • Conducted tests of details on a sample basis by checking sales contracts, statement of settlement, list of service fees, bank slips, invoices, etc; • Sent confirmations to customers on a sample basis to confirm the sales amounts during the year and the balance of trade receivables at the financial year end and also checked the subsequent settlements; • Performed cut-off testing on a sample basis by examining sales transactions recorded before and after the financial year end with supporting evidence to assess whether the revenue was recognised in the proper periods; and • Checked and assessed the appropriateness of the consolidated financial statement disclosures in relation to revenue recognition on frozen food storage services and loading services.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Ching Man (practising certificate number: P07287).

Ernst & Young
Certified Public Accountants
Hong Kong
27 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Notes	**2025** **RMB'000**	2024 RMB'000
REVENUE	5	**236,507**	233,576
Cost of sales		**(112,700)**	(110,197)
Gross profit		**123,807**	123,379
Other income and gains	5	**6,286**	9,652
Selling and marketing expenses		**(364)**	(641)
Administrative expenses		**(18,358)**	(19,980)
Research and development costs		**(1,428)**	(1,109)
Impairment losses/(reversal of impairment losses) on financial assets, net		**(456)**	1,216
Other expenses		**(2,021)**	(120)
Finance costs	7	**(4,199)**	(1,166)
PROFIT BEFORE TAX	6	**103,267**	111,231
Income tax expense	10	**(26,950)**	(28,351)
PROFIT FOR THE YEAR		**76,317**	82,880
Attributable to:			
Owners of the parent		**76,317**	82,880
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RMB)	12	**1.02**	1.11
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**76,317**	82,880
Attributable to:			
Owners of the parent		**76,317**	82,880

Consolidated Statement of Financial Position

31 December 2025

	Notes	**31 December 2025 RMB'000**	31 December 2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**702,347**	733,363
Investment properties	14	**214,299**	223,838
Right-of-use assets	15	**127,490**	131,117
Other intangible assets		**295**	393
Deferred tax assets	16	**3,811**	3,836
Other non-current assets	18	**—**	42,177
Total non-current assets		**1,048,242**	1,134,724
CURRENT ASSETS			
Inventories		**368**	348
Trade and operating lease receivables	17	**15,280**	6,727
Prepayments, deposits and other receivables	18	**66,254**	3,316
Time deposits	19	**—**	30,817
Cash and cash equivalents	19	**93,830**	36,021
Total current assets		**175,732**	77,229
CURRENT LIABILITIES			
Trade payables	20	**1,692**	1,536
Other payables and accruals	21	**99,566**	114,030
Advance from lessees		**3,818**	7,434
Income tax payable		**6,615**	6,812
Interest-bearing bank borrowings	23	**10,539**	5,131
Total current liabilities		**122,230**	134,943
NET CURRENT ASSETS/(LIABILITIES)		**53,502**	(57,714)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,101,744**	1,077,010
NON-CURRENT LIABILITIES			
Other payables and accruals	21	**13,832**	13,507
Deferred income	22	**33,420**	35,744
Interest-bearing bank borrowings	23	**193,766**	203,350
Total non-current liabilities		**241,018**	252,601
Net assets		**860,726**	824,409

31 December 2025

	Notes	**31 December 2025 RMB'000**	31 December 2024 RMB'000
EQUITY			
Equity attributable to owners of the parent			
Share capital	24	**75,000**	75,000
Reserves	25	**785,726**	749,409
Total equity		**860,726**	824,409

Luo Yue
Director

Xu Qunying
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Share capital RMB'000 (note 24)	Capital reserve* RMB'000 (note 25)	Special reserve — safety fund* RMB'000 (note 25)	Statutory reserve* RMB'000 (note 25)	Retained profits* RMB'000	Total RMB'000
At 1 January 2024	75,000	594,925	2,143	31,829	177,632	881,529
Profit for the year	—	—	—	—	82,880	82,880
Total comprehensive income for the year	—	—	—	—	82,880	82,880
Dividends declared (note 11)	—	—	—	—	(140,000)	(140,000)
Profit appropriations to statutory reserve	—	—	—	5,672	(5,672)	—
Safety fund (note 25)	—	—	(51)	—	51	—
At 31 December 2024	75,000	594,925	2,092	37,501	114,891	824,409

	Share capital RMB'000 (note 24)	**Capital reserve* RMB'000 (note 25)**	**Special reserve — safety fund* RMB'000 (note 25)**	**Statutory reserve* RMB'000 (note 25)**	**Retained profits* RMB'000**	**Total RMB'000**
At 1 January 2025	**75,000**	**594,925**	**2,092**	**37,501**	**114,891**	**824,409**
Profit for the year	**—**	**—**	**—**	**—**	**76,317**	**76,317**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**76,317**	**76,317**
Dividends declared (note 11)	**—**	**—**	**—**	**—**	**(40,000)**	**(40,000)**
Safety fund (note 25)	**—**	**—**	**705**	**—**	**(705)**	**—**
At 31 December 2025	**75,000**	**594,925**	**2,797**	**37,501**	**150,503**	**860,726**

* These reserve accounts comprise the consolidated reserves of RMB785,726,000 (2024: RMB749,409,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**103,267**	111,231
Adjustments for:			
Finance costs	7	**4,199**	1,166
Interest income	5	**(1,865)**	(4,473)
Depreciation of property, plant and equipment	13	**38,150**	31,490
Depreciation of investment properties	14	**9,539**	9,069
Amortisation of intangible assets		**113**	150
Depreciation of right-of-use assets	15	**3,627**	3,629
Loss on disposal of property, plant and equipment	6	**14**	75
Impairment losses/(reversal of impairment losses) of financial assets, net	6	**456**	(1,216)
Amortisation of deferred income		**(2,324)**	(2,179)
		155,176	148,942
(Increase)/decrease in inventories		**(20)**	336
Increase in trade and operating lease receivables		**(9,004)**	(2,843)
(Increase)/decrease in prepayments, deposits and other receivables		**(6,325)**	17,141
Withdrawal of time deposits		**30,817**	—
Increase in trade payables		**157**	144
Decrease in other payables and accruals		**(13,277)**	(1,377)
(Decrease)/increase in advance from lessees		**(3,818)**	2,143
Cash generated from operations		**153,706**	164,486
Interest received		**809**	285
Income taxes paid		**(27,121)**	(25,407)
Net cash flows from operating activities		**127,394**	139,364
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		**200**	77
Purchases of items of property, plant, equipment, investment properties		**(1,955)**	(124,452)
Purchases of intangible assets		**—**	(442)
Government subsidies related to assets		**—**	9,400
Interest received		**—**	3,284
Placement of time deposits and certificates of deposit		**—**	(10,712)
Withdrawal of time deposits and certificates of deposit		**—**	50,257
Net cash flows used in investing activities		**(1,755)**	(72,588)

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank borrowings	26	**—**	52,554
Repayment of bank borrowings	26	**(4,168)**	—
Payment of listing expenses		**(14,135)**	—
Interest paid	26	**(4,207)**	(4,779)
Dividends paid		**(45,320)**	(134,680)
Net cash flows used in financing activities		**(67,830)**	(86,905)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**57,809**	(20,129)
Cash and cash equivalents at beginning of year		**36,021**	56,150
CASH AND CASH EQUIVALENTS AT END OF YEAR		**93,830**	36,021
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	**93,830**	36,021
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows	19	**93,830**	36,021

1. CORPORATE AND GROUP INFORMATION

Hongxing Coldchain (Hunan) Co., Ltd., formerly known as Hunan Hongxing Frozen Food Co., Ltd., was incorporated as a limited liability company on 16 October 2006. The registered office of the Company is located at No 21, Part 1, Huanbao East Road, Yuhua District, Changsha, Hunan Province, the People's Republic of China ("**PRC**"). On 30 June 2019, the Company was converted into a joint stock company with limited liability.

The Company's shares were listed on the Stock Exchange of Hong Kong Limited ("**H shares**") on 13 January 2026.

During the year, the Group was mainly involved in the following principal activities:

- frozen food storage services;
- loading services; and
- provision of property rental services.

Information about subsidiary

Particulars of the Company's subsidiary are as follows:

Name	Place of incorporation/ registration and business	Registered share capital ('000)	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
湖南紅星北盛冷凍食品有限公司 Hunan Hongxing Beisheng Frozen Food Co., Ltd. * (note (a))	PRC/Chinese Mainland	RMB150,000	100	—	Warehousing

* The English name of the above company registered in the PRC represent the best efforts made by the directors of the Company in directly translating the Chinese name of this company as no English name has been registered.

note (a) Registered as a limited liability company under PRC law. The subsidiary of the Group had not issued any debt securities at the end of the reporting period.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2. ACCOUNTING POLICIES *(Continued)*

2.1 Basis of Preparation *(Continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary (collectively referred to as the "**Group**") for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. The results of the subsidiary are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve, and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. ACCOUNTING POLICIES *(Continued)*

2.2 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 currency of the subsidiary incorporated in the PRC were exchangeable, the amendments did not have any impact on the Group's financial statements.

2.3 Issued but not yet Effective IFRS Accounting Standards

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

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

2. ACCOUNTING POLICIES *(Continued)*

2.3 Issued but not yet Effective IFRS Accounting Standards *(Continued)*

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 and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income 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 HKFRS Accounting Standards or IFRS Accounting Standards. IFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 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 amendments. The Company's subsidiary is considering the application of IFRS 19 and its amendments in their specified financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.3 Issued but not yet Effective IFRS Accounting Standards *(Continued)*

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 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 HKICPA. However, the amendments are available for adoption now.

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.

2. ACCOUNTING POLICIES *(Continued)*

2.3 Issued but not yet Effective IFRS Accounting Standards *(Continued)*

- 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 HKFRS 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.

2.4 Material Accounting Policies

Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities (including goodwill arising from the acquisition of the merged party or parties by the ultimate controlling party) obtained by the combining party shall be measured at their respective carrying amounts as recorded by the ultimate controlling party at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued) is adjusted as share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.17% to 4.75%
Improvements	4.75% to 33.33%
Machinery and others	4.75% to 31.67%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation, including properties under construction for such purpose, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business. Such properties are measured initially at cost, including related transaction costs. After initial recognition, the Group chooses the cost model to measure all of its investment properties.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Investment properties *(Continued)*

Depreciation is calculated on the straight-line basis to its residual value over its estimated useful life. The estimated useful lives are as follows:

Buildings	3.17%
Land use rights	2.00% to 2.33%

The carrying amounts of investment properties measured using the cost method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at least at each financial year end.

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are as follows:

Categories	Estimated useful lives
Software	5 years

The estimated useful lives of intangible assets are determined by considering the period for which the economic benefits that the intangible assets can bring to the Group.

Research and development costs

All research costs are charged to profit or loss as incurred.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	43 to 50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Leases of low-value assets*

The Group applies recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Leases *(Continued)*

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Investments and other financial assets *(Continued)*

Initial recognition and measurement *(Continued)*

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Derecognition of financial assets *(Continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Impairment of financial assets *(Continued)*

General approach *(Continued)*

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and operating lease receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and operating lease receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals (excluding payroll and welfare payable, contract liabilities and other tax payables), and interest-bearing bank borrowings.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Financial liabilities *(Continued)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investment in a subsidiary, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investment in a subsidiary, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Income tax *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers *(Continued)*

(a) *Frozen food storage services*

Revenue from providing the frozen food storage services is calculated based on the agreed daily frozen food storage service fees per ton and purchased storage capacity within the service period. The revenue is recognised based on the progress of the services performed within the service period because the customer simultaneously receives and consumes the benefits provided by the Group.

(b) *Loading services*

Revenue from the loading services is the stevedoring of customer's merchandise in and out of the frozen food storage facilities and is recognised at the point in time as the service is completed.

(c) *Others*

The Group's services also include parking lot service and other services. Revenue from the provision of parking lot service consists of fees from users for the access of parking lot space provided by the Group. Parking income is recognised when the services are rendered.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related services to the customer).

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Employee benefits

Pension scheme

The employees of the Company and the Group's subsidiary which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiary is required to contribute a certain proportion of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances — Chinese Mainland

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in the Relevant Periods.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Foreign currencies

The financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Company's subsidiary was incorporated in the PRC and considered RMB as its functional currency.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

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

Provision for expected credit losses on trade and operating lease receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade and operating lease receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and operating lease receivables and other receivables is disclosed in note 19 and note 20 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. These non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use. The calculation of the fair value less cost of disposal is based on available data from binding sales transaction in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 16 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and services and only has one reportable operating segment.

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the general manager of the Group. As a result of this evaluation, the CODM considers that the Group's operations are managed as a single segment. Accordingly, no segment information is presented.

Geographical information

All operating entities are domiciled in the PRC. All the non-current assets of the Group are physically located in Chinese Mainland. The geographical location of customers is based on the location at which the customers operate, and all of the revenue of the Group was derived from operations in Chinese Mainland during the year ended 31 December 2025.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the year ended 31 December 2025 (31 December 2024: Nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	**188,944**	191,197
Revenue from other sources		
Gross rental income from investment property operating leases:		
Leasing services	**47,563**	42,379
Total	**236,507**	233,576

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
Types of services		
Frozen food storage services	**161,906**	160,018
Loading services	**23,825**	25,805
Others	**3,213**	5,374
Total	**188,944**	191,197
Geographical market		
Chinese Mainland	**188,944**	191,197
Timing of revenue recognition		
Services transferred over time	**161,906**	160,018
Goods or services transferred at a point in time	**27,038**	31,179
Total	**188,944**	191,197

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Storage and loading services	**158**	99

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

(b) Performance obligations

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

Frozen food storage services

The performance obligation from providing the frozen food storage services is satisfied over the scheduled period on a straight-line basis and payment is generally within 5 days according to the services scheduled.

Loading services

The performance obligation from loading services is satisfied upon completion of the services completed and payment is generally within 5 days after the completion of services.

All the contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction prices allocated to these unsatisfied performance obligations are not disclosed.

	2025 **RMB'000**	2024 RMB'000
Other income		
Interest income	**1,865**	4,473
Government grants*	**4,012**	3,627
Refund of property tax and land use tax	**—**	1,447
Others	**399**	94
Total other income	**6,276**	9,641
Gains		
Gain on disposal of property, plant and equipment	**10**	11
Total other income and gains	**6,286**	9,652

* Government grants mainly represent incentives received from local governments for the purpose of compensation for local economic contribution and purchases of items of property, plant and equipment. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of services provided		**36,904**	33,579
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		**551**	1,235
Depreciation of property, plant and equipment	13	**38,150**	31,490
Depreciation of investment properties	14	**9,539**	9,069
Depreciation of right-of-use assets	15(a)	**3,627**	3,629
Amortisation of intangible assets*		**113**	150
Research and development costs		**1,428**	1,109
Listing expenses		**997**	—
Auditor's remuneration		**1,302**	—
Employee benefit expenses (excluding directors', chief executive's and supervisors' remuneration (note 8)):			
Wages, salaries and other allowances		**36,903**	37,908
Pension scheme contributions and social welfare**		**2,863**	2,727
Total		**39,766**	40,635
Impairment losses/(reversal of impairment losses) on financial assets, net		**456**	(1,216)
Gain on disposal of items of property, plant and equipment		**14**	75

* The amortisation of intangible assets is included in "Cost of sales" in profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest expense	**4,199**	4,785
Less: Interest capitalised	**—**	(3,619)
Total	**4,199**	1,166

The capitalisation rate for the year ended 31 December 2025 was nil (31 December 2024: 1.82%).

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

Directors', chief executive's and supervisors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 **RMB'000**	2024 RMB'000
Fees	**255**	240
Other emoluments:		
Salaries, allowances and benefits in kind	**1,316**	1,434
Performance related bonuses	**604**	960
Pension scheme contributions	**41**	45
Subtotal	**1,961**	2,439
Total	**2,216**	2,679

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 **RMB'000**	2024 RMB'000
Ms. Cai Yanping	**80**	80
Ms. Li Zhenzhu	**80**	80
Mr. Shan Miyuan (i)	**40**	80
Mr. How Sze Ming (i)	**55**	—
Total	**255**	240

(i) Mr. Shan Miyuan resigned as an independent non-executive director of the Company on 27 June 2025 and Mr. How Sze Ming was appointed as an independent non-executive director of the Company effective on 27 June 2025.

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION *(Continued)*

(b) Executive directors, non-executive directors, supervisors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2025					
Executive directors:					
Mr. Zhang Mingsheng (i)	—	244	40	—	284
Ms. Xu Qunying	—	336	181	13	530
Subtotal	—	580	221	13	814
Non-executive directors:					
Mr. Zhang Zhong (ii)	—	—	—	—	—
Mr. Luo Yue (iii)	—	—	—	—	—
Mr. Li Jun (iii)	—	—	—	—	—
Ms. Lu Fenfang (iii)	—	—	—	—	—
Subtotal	—	—	—	—	—
Supervisors*:					
Mr. Zhou Yuansheng	—	149	60	9	218
Mr. Liu Ya	—	89	37	6	132
Mr. Xiong Guanghui (iv)	—	—	—	—	—
Mr. Wang Jian (iv)	—	—	—	—	—
Subtotal	—	238	97	15	350
Chief executive:					
Mr. Xu Huazhong (i)	—	498	286	13	797
Total	—	1,316	604	41	1,961

* Pursuant to the resolution of the Extraordinary General Meeting of Shareholders held on 17 December 2025, the Company has abolished the supervisory board in order to optimize the Company's governance structure and enhance operational efficiency. The previously assigned powers of the supervisory board has been delegated to the audit committee.

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION *(Continued)*

(b) Executive directors, non-executive directors, supervisors and the chief executive *(Continued)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2024					
Executive directors:					
Mr. Zhang Mingsheng (i)	—	244	50	—	294
Ms. Xu Qunying	—	338	304	13	655
Subtotal	—	582	354	13	949
Non-executive directors:					
Mr. Zhang Zhong (ii)	—	—	—	—	—
Mr. Luo Yue (iii)	—	—	—	—	—
Mr. Li Jun (iii)	—	—	—	—	—
Ms. Lu Fenfang (iii)	—	—	—	—	—
Subtotal	—	—	—	—	—
Supervisors:					
Mr. Zhou Yuansheng	—	202	63	9	274
Mr. Liu Ya	—	150	65	9	224
Mr. Xiong Guanghui (iv)	—	—	—	—	—
Subtotal	—	352	128	18	498
Chief executive:					
Mr. Xu Huazhong (i)	—	500	478	14	992
Total	—	1,434	960	45	2,439

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION *(Continued)*

(b) Executive directors, non-executive directors, supervisors and the chief executive *(Continued)*

i Mr. Zhang Mingsheng was appointed as the chief executive officer of the Company on 16 October 2006. In December 2023, Mr. Zhang Mingsheng resigned as the chief executive officer and continued to serve as an executive director, and Mr. Xu Huazhong was appointed as the chief executive officer of the Company on 1 January 2024.

ii Mr. Zhang Zhong was appointed as an executive director on 20 May 2021. On 1 January 2024, Mr. Zhang Zhong was appointed as a non-executive director of the Company and Mr. Zhang Zhong waived the remuneration as a non-executive director for the year.

iii Mr. Luo Yue, Mr. Li Jun and Ms. Lu Fenfang have been appointed as non-executive directors since 2006, 2014 and 2019, respectively. Mr. Luo Yue, Mr. Li Jun and Ms. Lu Fenfang waived the remuneration as non-executive directors for the year.

iv Mr. Xiong Guanghui was appointed as a supervisor in 2019. Mr Xiong Guanghui has waived his remuneration for the year. On 28 March 2025, Mr. Xiong Guanghui resigned as a supervisor of the Company and Mr. Wang Jian was appointed as a supervisor. Mr Wang Jian has waived his remuneration for the year.

There were no other emoluments payable to the executive directors, non-executive directors and supervisors during the year.

No emoluments were paid by the Company to the executive directors, non-executive directors and supervisors and the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2024: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2024: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025	2024
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**1,009**	1,031
Performance related bonuses	**308**	894
Pension scheme contributions	**39**	26
Total	**1,356**	1,951

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
Nil to HK$500,000	**3**	—
HK$500,001 to HK$1,000,000	**—**	3
Total	**3**	3

10. INCOME TAX

The Group is registered in the PRC and conducts substantially all of its business in Chinese Mainland. Taxes on profits assessable in Chinese Mainland have been calculated at the rate of 25%.

The income tax expense for the year is analysed as follows:

	2025	2024
	RMB'000	RMB'000
Current — Chinese Mainland		
Charge for the year	**26,925**	28,867
Deferred (note 16)	**25**	(516)
Total tax charge for the year	**26,950**	28,351

10. INCOME TAX *(Continued)*

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the country in which the Company and its subsidiary are domiciled and operate to the tax expense at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	**103,267**	111,231
Tax at the statutory tax rate	**25,817**	27,808
Expenses not deductible for tax	**500**	47
Additional deductible allowance for disabled employees	**(50)**	(53)
Deductible temporary differences not recognised	**—**	645
Recognition of previously unrecognised tax losses and temporary differences	**(196)**	(198)
Tax losses on unrecognised deferred tax assets	**879**	102
Tax charge at the Group's effective tax rate of 26.1% (2024: 25.6%)	**26,950**	28,351

11. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Dividends declared	**40,000**	140,000

On 27 June 2024, the Company declared dividends of RMB40,000,000 to its shareholders, which were paid in July 2024.

On 27 December 2024, the Company declared dividends of RMB100,000,000 to its shareholders, which were fully paid in December 2024 and January 2025, respectively.

On 27 June 2025, the Company declared dividends of RMB40,000,000 to its shareholders, which were fully paid in July 2025.

On 27 March 2026, the Board proposed the cash dividend of RMB0.3053 per share (inclusive of tax), a total cash dividend of RMB30,000,000 to holders of the Company, which is subject to the approval of the Company's shareholders at the annual general meeting.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity owners of the parent, and the weighted average number of ordinary shares of 75,000,000 (2024: 75,000,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

The calculation of basic earnings per share is based on:

	2025 **RMB'000**	2024 RMB'000
Earnings		
Profit for the year attributable to ordinary equity owners of the parent, used in the basic earnings per share calculation	**76,317**	82,880

	Number of shares	
	2025	2024
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation (in thousand shares)	**75,000**	75,000

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Improvements RMB'000	Machinery and others RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2025					
At 1 January 2025:					
Cost	817,704	21,899	190,665	586	1,030,854
Accumulated depreciation	(196,471)	(8,401)	(92,619)	—	(297,491)
Net carrying amount	**621,233**	**13,498**	**98,046**	**586**	**733,363**
At 1 January 2025, net of accumulated depreciation	621,233	13,498	98,046	586	733,363
Additions	6,107	—	1,114	919	8,140
Disposals	(18)	—	(988)	—	(1,006)
Transfers	1,505	—	—	(1,505)	—
Depreciation provided during the year	(24,804)	(1,513)	(11,833)	—	(38,150)
At 31 December 2025, net of accumulated depreciation	**604,023**	**11,985**	**86,339**	**—**	**702,347**
At 31 December 2025:					
Cost	825,298	21,899	190,791	—	1,037,988
Accumulated depreciation	(221,275)	(9,914)	(104,452)	—	(335,641)
Net carrying amount (note (a))	**604,023**	**11,985**	**86,339**	**—**	**702,347**

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings RMB'000	Improvements RMB'000	Machinery and others RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024					
At 1 January 2024:					
Cost	450,018	16,603	100,471	425,313	992,405
Accumulated depreciation	(174,684)	(7,144)	(84,618)	—	(266,446)
Net carrying amount	275,334	9,459	15,853	425,313	725,959
At 1 January 2024, net of accumulated depreciation	275,334	9,459	15,853	425,313	725,959
Additions	28	1,681	2,887	34,435	39,031
Disposals	(14)	—	(123)	—	(137)
Transfers	367,676	3,615	87,871	(459,162)	—
Depreciation provided during the year	(21,791)	(1,257)	(8,442)	—	(31,490)
At 31 December 2024, net of accumulated depreciation	621,233	13,498	98,046	586	733,363
At 31 December 2024:					
Cost	817,704	21,899	190,665	586	1,030,854
Accumulated depreciation	(196,471)	(8,401)	(92,619)	—	(297,491)
Net carrying amount (note (a))	621,233	13,498	98,046	586	733,363

(a) At 31 December 2025, certain property, plant and equipment with a net carrying amount of approximately RMB350,150,000 (2024: RMB385,043,000) were pledged as security for bank facilities granted to the Group.

14. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
Cost		
At the beginning of the year	**300,431**	295,901
Additions	**—**	4,530
At the end of the year	**300,431**	300,431
Accumulated depreciation		
At the beginning of the year	**(76,593)**	(67,524)
Charge for the year	**(9,539)**	(9,069)
At the end of the year	**(86,132)**	(76,593)
Net book value at the end of the year (Note (a))	**214,299**	223,838

(a) At 31 December 2025, the fair value of the investment properties of the Group was approximately RMB382,000,000 (2024: RMB383,900,000). The fair value of the investment properties is derived using income approach by taking into account the rental income derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases. The Group's investment properties were valued based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent professionally qualified valuers.

15. LEASES

The Group as a lessee

The Group has lease contracts for leasehold land used in its operations. Leases of properties generally have lease terms between 43 and 50 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000
As at 1 January 2024	134,746
Depreciation charge (note 6)	(3,629)
As at 31 December 2024 and 1 January 2025 (note (a))	**131,117**
Depreciation charge (note 6)	**(3,627)**
As at 31 December 2025 (note (a))	**127,490**

(a) At 31 December 2025, the Group's leasehold land with an aggregate carrying amount of approximately RMB34,700,000 (2024: RMB60,701,000) was pledged as security for bank facilities granted to the Group.

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 **RMB'000**	2024 RMB'000
Depreciation charge of right-of-use assets	**3,627**	3,629
Total amount recognised in profit or loss	**3,627**	3,629

15. LEASES *(Continued)*

The Group as a lessor

The Group leases its investment properties (note 14) consisting of two commercial properties and parking property in Chinese Mainland under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB47,563,000 (2024: RMB42,379,000), details of which are included in note 5 to the financial statements.

At 31 December 2025, the undiscounted lease payments receivable of the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 **RMB'000**	2024 RMB'000
Within one year	**562**	1,616
Over one year	**198**	328
Total	**760**	1,944

16. DEFERRED TAX

The movements in deferred tax assets during the year are as follows:

Deferred tax assets

	2025				
	Deferred income **RMB'000**	**Impairment of financial assets and inventories** **RMB'000**	**Impairment of intangible assets** **RMB'000**	**Staff education fund** **RMB'000**	**Total** **RMB'000**
At 1 January 2025	**3,131**	**574**	**—**	**131**	**3,836**
Deferred tax (charged)/credited to profit or loss during the year (note 10)	**(131)**	**114**	**—**	**(8)**	**(25)**
At 31 December 2025	**3,000**	**688**	**—**	**123**	**3,811**

16. DEFERRED TAX *(Continued)*

Deferred tax assets *(Continued)*

	2024				
	Deferred income RMB'000	Impairment of financial assets and inventories RMB'000	Impairment of intangible assets RMB'000	Staff education fund RMB'000	Total RMB'000
At 1 January 2024	1,522	1,461	199	138	3,320
Deferred tax credited/(charged) to profit or loss during the year (note 10)	1,609	(887)	(199)	(7)	516
At 31 December 2024	3,131	574	—	131	3,836

Deferred tax assets have not been recognised in respect of the following items:

	2025 RMB'000	2024 RMB'000
Tax losses	**6,203**	2,695
Deductible temporary differences	**5,133**	5,916
	11,336	8,611

The above tax losses arising in Chinese Mainland will expire in four to five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

17. TRADE AND OPERATING LEASE RECEIVABLES

	2025 **RMB'000**	2024 RMB'000
Trade receivables	**12,997**	6,491
Lease receivables	**3,087**	590
Impairment	**(804)**	(354)
Net carrying amount	**15,280**	6,727

The Group's trade and operating lease receivables arise from the storage and loading services and the provision of property rental services. A credit period of generally 5 days is granted to the customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed once a month. Trade and operating lease receivables are non-interest-bearing.

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

	2025 **RMB'000**	2024 RMB'000
Within 2 months	**13,185**	6,727
In 3–12 months	**2,095**	—
Total	**15,280**	6,727

The movements in the loss allowance for impairment of trade and operating lease receivables are as follows:

	2025 **RMB'000**	2024 RMB'000
At the beginning of the year	**354**	212
Impairment losses	**456**	142
Amount written off as uncollectible	**(6)**	—
At the end of the year	**804**	354

For trade and operating lease receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at an amount equal to lifetime ECLs. The Group determines the ECLs on these items by using a provision matrix, estimated based on the financial quality of the debtors and historical credit loss experience based on the days past due of the trade and operating lease receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

17. TRADE AND OPERATING LEASE RECEIVABLES *(Continued)*

Set out below is the information about the credit risk exposure on the Group's trade and operating lease receivables using a provision matrix:

As at 31 December 2025

	Gross carrying amount RMB'000	**Expected credit loss rate**	**Expected credit losses RMB'000**
Within 1 year	**16,084**	**5%**	**804**

As at 31 December 2024

	Gross carrying amount RMB'000	Expected credit loss rate	Expected credit losses RMB'000
Within 1 year	7,081	5%	354

There was no significant change in the ECL rates for the time band during the year, mainly because no significant changes in the historical default rates of trade and operating lease receivables, economic conditions and performance, solvency and behaviour of the debtors were noted, based on which the ECL rates are determined.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Other receivables	**1,989**	1,993
Value-added tax recoverable	**2,684**	—
Deferred listing expenses	**17,593**	—
Prepaid expenses	**2,016**	2,869
Certificates of deposit (note (a))	**43,961**	42,620
Subtotal	**68,243**	47,482
Provision for impairment of other receivables	**(1,989)**	(1,989)
Less: Non-current portion	**—**	(42,177)
Current portion	**66,254**	3,316

(a) The Group holds the transferable certificates of deposit with maturities ranging from 6 months to 3 years with the objective of collecting the contractual cash flows and the certificates of deposit are measured at amortised cost using the effective interest method. The Group estimated that the expected credit loss rate for the certificates of deposit is minimal due to the reason that they were issued by creditworthy banks with no recent history of default.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

An impairment analysis was performed at the end of the reporting period. The Group has applied the general approach to provide for expected credit losses for non-trade other receivables under IFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate. At 31 December 2025, the Group has made provision of RMB1,989,000 (2024: RMB1,989,000) for defaulted receivables. Except for the defaulted receivables, the Group estimated that the expected credit loss rate for the other receivables and certificates of deposit is minimal.

19. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	2025 **RMB'000**	2024 RMB'000
Cash and bank balances	**93,830**	66,838
Less: Time deposits	**—**	(30,817)
Cash and cash equivalents	**93,830**	36,021

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

20. 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 **RMB'000**	2024 RMB'000
Within 90 days	**1,692**	1,536

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

As at the end of the reporting period, the carrying amounts of trade payables approximated to their fair values.

21. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Deposits received	**41,218**	42,769
Payroll and welfare payable	**8,500**	12,988
Payable for purchase of property, plant and equipment	**51,557**	60,183
Contract liabilities (note (a))	**583**	158
Dividends payable (note (b))	**—**	504
Payable listing expenses	**6,518**	—
Other payables	**4,557**	5,439
Other tax payables	**465**	5,496
Subtotal	**113,398**	127,537
Less: Non-current portion	**(13,832)**	(13,507)
Current portion	**99,566**	114,030

Other payables are non-interest-bearing, unsecured and repayable on demand.

(a) The Group receives payments from customers based on billing schedules as established in the contracts. A portion of payments is usually received in advance of the performance under the contracts. The contract liabilities comprise the prepayments received from customers, to whom the goods or services have not yet been transferred or provided. The changes in contract liabilities in 2025 and 2024 were mainly due to the changes in advances received from customers in relation to the provision of storage services at the end of the year.

(b) The dividends payable as at 31 December 2025 and 2024 were subsequently settled in July and January 2025, respectively.

22. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Government grants and subsidies	**33,420**	35,744

23. INTEREST-BEARING BANK BORROWINGS

31 December 2025	Effective Interest rate (%)	Maturity	RMB'000
Current			
Current portion of long term bank loans			
— secured (note (b))	**2.05%–2.65%**	**2026**	**10,539**
Non-current			
Long-term bank loans — secured (note (b))	**2.05%–2.65%**	**2027–2033**	**193,766**
			204,305

31 December 2024	Effective Interest rate (%)	Maturity	RMB'000
Current			
Current portion of long term bank loans			
— secured (note (b))	2.05%–2.65%	2025	5,131
Non-current			
Long-term bank loans — secured (note (b))	2.05%–2.65%	2026–2033	203,350
			208,481

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**10,539**	5,131
In the second year	**14,585**	12,500
In the third to fifth years, inclusive	**93,757**	87,500
Beyond five years	**85,424**	103,350
Total	**204,305**	208,481

(a) The Group's bank loans are all denominated in RMB.

(b) As at 31 December 2025 and 2024, all the bank loans were secured by property, plant and equipment and right-of-use assets.

24. SHARE CAPITAL

Shares

	2025 RMB'000	2024 RMB'000
Issued:		
Ordinary shares of RMB1.00 each (note (a))	**75,000**	75,000
Fully paid:		
Ordinary shares of RMB1.00 each	**75,000**	75,000

(a) Subsequent to the end of the reporting period, in connection with initial public offering of the Company on the Main Board of The Stock Exchange of Hong Kong Limited on 13 January 2026, 23,263,000 ordinary shares of a par value of RMB1 each were issued at a price of HK$12.26 per share at a total cash consideration, before deducting the underwriting fees, commissions and other estimated listing expenses, of approximately HK$285,204,380.

25. RESERVES

The amounts of the Group's reserves and the movements therein during the year are presented in the consolidated statement of changes in equity.

(a) Capital reserve

The capital reserve of the Group includes the share premium contributed by the shareholders of the Company.

(b) Statutory reserve

In accordance with the PRC Company Law and the articles of association of the subsidiary established in the PRC, the Group is required to appropriate 10% of its net profit after tax, as determined under the Chinese Accounting Standards, to the statutory reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the subsidiary, the statutory reserve may be used either to offset losses, or to be converted to increase paid-in capital, provided that the balance after such conversion is not less than 25% of the registered capital of the respective entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends. No statutory surplus reserve was appropriated during the year as the Company's statutory surplus reserve has accumulated to 50% of its registered capital.

(c) Special reserve — safety fund

Pursuant to the revised Measures for the Extraction and Use of Enterprise Safety Production Funds issued in November 2022, the Group is required to set aside an amount to maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety and are not available for distribution to shareholders. The Group records a corresponding cost when such expenditure for safety operation is incurred. The remaining provisions for the Group's obligations for safety operation would be recorded as special reserve — safety fund. The remaining provisions would not be recorded in profit or loss while the Group decreases its retained profits when it recognises the special reserve — safety fund.

26. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

2025

	Bank loans RMB'000	**Other payables and accruals RMB'000**
At 1 January 2025	**208,481**	**5,320**
Changes from financing cash flows	**(4,168)**	**(45,320)**
Interest expense (note 7)	**4,199**	**—**
Interest paid	**(4,207)**	**—**
Dividend declared (note 11)	**—**	**40,000**
At 31 December 2025	**204,305**	**—**

2024

	Bank loans RMB'000	Other payables and accruals RMB'000
At 1 January 2024	155,921	—
Changes from financing cash flows	52,554	(134,680)
Interest expense (note 7)	4,785	—
Interest paid	(4,779)	—
Dividend declared (note 11)	—	140,000
At 31 December 2024	208,481	5,320

27. CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant contingent liabilities.

28. PLEDGE OF ASSETS

Details of the Group's assets pledged are included in note 13 and note 15, to the financial statements.

29. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Construction in progress	**690**	4,539

30. RELATED PARTY TRANSACTIONS

(a) Names and relationships

Name	Relationship
Changsha Hongxing Investment Management Center	Ultimate controlling shareholder
Hongxing Shiye Industrial Group Co., Ltd.	The parent company
Hunan Hongxing Shengye Food Co., Ltd.	Entity controlled by the parent company
Changsha Hongxing Architecture Engineering Co., Ltd.	Entity controlled by the parent company
Hunan Hongxing Shengkang Oil Co., Ltd.	Entity controlled by the parent company
Changsha Shengzhirui Food Trading Co., Ltd.	Entity controlled by the parent company
Hunan Hongxing Market Agricultural Products Co., Ltd.	Entity controlled by the parent company
Hunan Hongxing International Exhibition Co., Ltd.	Entity controlled by the parent company
Hongxing Elephant Supply Chain (Hunan) Co., Ltd.	Entity controlled by the parent company

(b) The Group had the following transactions with related parties during the year:

	2025 **RMB'000**	2024 RMB'000
Sales of goods and services (i)		
Entities controlled by the parent company	**1,502**	2,008
Purchases of goods and services (ii)		
The parent company	**5**	87
Entities controlled by the parent company	**397**	383
	402	470
Purchase of property, plant and equipment (iii)		
Entity controlled by the parent company	**814**	12,181
Rental income (iv)		
Entity controlled by the parent company	**75**	212

(i) The sales to the related parties were made according to the published prices and conditions offered to the major customers of the Group. The credit terms granted to the related parties were generally in line with the credit terms granted to other customers.

(ii) The purchases from the related parties were made according to the published prices and conditions offered by the related parties to their major customers. The credit terms granted by the related parties were generally in line with the credit terms granted to their major customers.

(iii) The purchases of property, plant and equipment from the related parties were made according to the published prices and conditions offered by the related parties to their major customers. The credit terms granted by the related parties were generally in line with the credit terms granted to their major customers.

(iv) The rental fees with the related parties were based on the agreed prices.

30. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Capital commitments with a related party:

	2025 RMB'000	2024 RMB'000
Capital commitments		
Entity controlled by the parent company	—	3,267

(d) Outstanding balances with related parties:

	2025 RMB'000	2024 RMB'000
Trade receivables		
Entities controlled by the parent company	105	146
Impairment	(5)	(7)
	100	139
Contract liabilities		
Entity controlled by the parent company	1	—
Other payables and accruals		
Entities controlled by the parent company*	42,304	37,443

* Amounts included in other payables and accruals of RMB41,172,000 and RMB37,310,000 are in relation to the purchase of property, plant and equipment as at 31 December 2025 and 2024, respectively.

All these balances are unsecured and interest-free. Except for the amounts in relation to the purchase of property, plant and equipment in other payables and accruals, all the other amounts are trade in nature and have no fixed terms of repayment.

(e) Compensation of key management personnel of the Group:

	2025 RMB'000	2024 RMB'000
Short term employee benefits	4,278	5,264

Further details of Directors', chief executive's and supervisors' emoluments are included in note 8 to the financial statements.

31. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

Financial assets at amortised cost

	2025 **RMB'000**	2024 RMB'000
Trade and operating lease receivables	**15,280**	6,727
Financial assets included in prepayments, deposits and other receivables	**43,961**	42,624
Cash and cash equivalents and time deposits	**93,830**	66,838
Total	**153,071**	116,189

Financial liabilities

Financial liabilities at amortised cost

	2025 **RMB'000**	2024 RMB'000
Trade payables	**1,692**	1,536
Financial liabilities included in other payables and accruals	**103,850**	107,892
Interest-bearing bank borrowings	**204,305**	208,481
Total	**309,847**	317,909

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade and operating lease receivables, financial assets included in other receivables, time deposits, interest-bearing bank borrowings (current portion), trade payables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments. The fair value of the non-current portion of interest-bearing bank borrowings approximates to its carrying amount mainly due to the floating interest rate.

The Group's finance team headed by the chief finance controller/his or her designator is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the head of finance.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The fair value of the interest-bearing borrowings is determined by using the expected future cash flows using the discount rate that reflects the Group's borrowing rates as at the end of the reporting period. Changes in the Group's own non-performance risk as at 31 December 2025 and 2024 were assessed to be insignificant.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank loans and cash and cash equivalents and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and operating lease receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

The Group's exposure to the risk of changes in interest rates relates primarily to the Group's debt obligations in RMB with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax through the impact on floating rate borrowings.

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax** RMB'000
Year ended 31 December 2025		
Interest-bearing bank borrowings	**50 bp**	**(1,021)**
	(50) bp	**1,021**
Year ended 31 December 2024		
Interest-bearing bank borrowings	50 bp	(2,392)
	(50) bp	2,392

Credit risk

An impairment analysis was performed at the end of the reporting period using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging

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

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and operating lease receivables	**—**	**—**	**—**	**16,085**	**16,085**
Financial assets included in prepayments, other receivables and other assets	**43,961**	**—**	**1,989**	**—**	**45,950**
Cash and cash equivalents and time deposits	**93,830**	**—**	**—**	**—**	**93,830**
Total	**137,791**	**—**	**1,989**	**16,085**	**155,865**

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and operating lease receivables	—	—	—	7,081	7,081
Financial assets included in prepayments, other receivables and other assets	42,624	—	1,989	—	44,613
Cash and cash equivalents and time deposits	66,838	—	—	—	66,838
Total	109,462	—	1,989	7,081	118,532

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and operating lease receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 December 2025

	Less than 1 year RMB'000	**1 to 3 years RMB'000**	**Over 3 years RMB'000**	**Total RMB'000**
Interest-bearing bank borrowings	**14,358**	**82,897**	**125,414**	**222,669**
Trade payables	**1,692**	**—**	**—**	**1,692**
Other payables and accruals	**90,018**	**13,699**	**133**	**103,850**
Total	**106,068**	**96,596**	**125,547**	**328,211**

As at 31 December 2024

	Less than 1 year RMB'000	1 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Interest-bearing bank borrowings	9,271	37,953	182,628	229,852
Trade payables	1,536	—	—	1,536
Other payables and accruals	94,385	13,313	194	107,892
Total	105,192	51,266	182,822	339,280

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments 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 2025 and 31 December 2024.

The Group monitors capital using a debt-to-asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of the reporting periods were as follows:

	2025 **RMB'000**	2024 RMB'000
Total liabilities	**363,248**	387,544
Total assets	**1,223,974**	1,211,953
Debt-to-asset ratio	**30%**	32%

34. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the end of the reporting period that required additional disclosure or adjustments.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 **RMB'000**	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**627,856**	653,441
Investment properties	**184,504**	192,827
Right-of-use assets	**103,442**	106,413
Other intangible assets	**295**	393
Investments in a subsidiary	**124,334**	124,334
Deferred tax assets	**3,811**	3,836
Other non-current assets	**—**	42,177
Total non-current assets	**1,044,242**	1,123,421
CURRENT ASSETS		
Inventories	**351**	330
Trade and operating lease receivables	**14,485**	5,822
Prepayments, deposits and other receivables	**65,911**	6,060
Time deposits	**—**	30,817
Cash and cash equivalents	**92,133**	34,078
Total current assets	**172,880**	77,107
CURRENT LIABILITIES		
Trade payables	**1,605**	1,456
Other payables and accruals	**97,481**	111,676
Advance from lessees	**3,811**	7,427
Income tax payable	**6,615**	6,812
Interest-bearing bank borrowings	**10,539**	5,131
Total current liabilities	**120,051**	132,502
NET CURRENT ASSETS/(LIABILITIES)	**52,829**	(55,395)
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,097,071**	1,068,026
NON-CURRENT LIABILITIES		
Other payables and accruals	**13,832**	13,507
Deferred income	**15,453**	16,208
Interest-bearing bank borrowings	**193,766**	203,350
Total non-current liabilities	**223,051**	233,065
Net assets	**874,020**	834,961
EQUITY		
Share capital	**75,000**	75,000
Reserves	**799,020**	759,961
Total equity	**874,020**	834,961

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Share capital RMB'000	Capital reserve RMB'000	Special reserve — safety fund RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2024	75,000	586,280	2,143	31,829	197,196	892,448
Total profit and comprehensive income for the year	—	—	—	—	82,513	82,513
Dividends declared	—	—	—	—	(140,000)	(140,000)
Profit appropriations to statutory reserve	—	—	—	5,672	(5,672)	—
Safety fund	—	—	(51)	—	51	—
At 31 December 2024 and 1 January 2025	**75,000**	**586,280**	**2,092**	**37,501**	**134,088**	**834,961**
Total profit and comprehensive income for the year	**—**	**—**	**—**	**—**	**79,059**	**79,059**
Dividends declared	**—**	**—**	**—**	**—**	**(40,000)**	**(40,000)**
Safety fund	**—**	**—**	**533**	**—**	**(533)**	**—**
At 31 December 2025	**75,000**	**586,280**	**2,625**	**37,501**	**172,614**	**874,020**

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2026.

Particulars of Properties

31 December 2025

INVESTMENT PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
No. 2 and No. 3 of Hongxing Coldchain Complex Building 101, No. 21, Section 1 Huanbao East Road, Yuhua District, Changsha City, Hunan Province, the PRC	Commercial	Long term lease	100%
No. 5 of Imported meat processing plant of Hongxing Beisheng, Dingziwan Street, Wangcheng District, Changsha City, Hunan Province, the PRC	Commercial	Long term lease	100%
No. 6 of Dormitory building of Hongxing Beisheng, Dingziwan Street, Wangcheng District, Changsha City, Hunan Province, the PRC	Commercial	Long term lease	100%

Definitions

In this annual report, unless the context otherwise requires, the following expressions have the following meanings. These expressions and their definitions may not correspond to any industry standard definitions, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as the Company.

"Articles" or "Articles of Association"	the articles of association of our Company (as amended from time to time)
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board" or "Board of Directors"	the board of Directors
"CG Code"	Corporate Governance Code contained in Appendix C1 to the Listing Rules
"China" or the "PRC"	the People's Republic of China, for the purpose of this annual report and for geographical reference only, excluding Hong Kong and Macao Special Administrative Regions and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"Company", "we" or "us"	Hongxing Coldchain (Hunan) Co., Ltd. (紅星冷鏈(湖南)股份有限公司), a joint stock company established in the PRC with limited liability on December 9, 2019, or, where the context requires (as the case may be), its predecessor, Hunan Hongxing Frozen Food Co., Ltd. (湖南紅星冷凍食品有限公司), a company established in the PRC with limited liability on August 30, 2006
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Hongxing Shiye, Hongri Jingming, Hongri Mingsheng and Hongxing Center
"Director(s)"	the director(s) of the Company
"Global Offering"	the global offering of the H Shares in Hong Kong as described in the Prospectus
"Group", "we" or "us"	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)
"H Share(s)"	listed ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each
"HK dollar" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

"Hongri Jingming"	Changsha Hongri Jingming Equity Investment Partnership (Limited Partnership) (長沙紅日景明股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on October 30, 2014 and is a Controlling Shareholder
"Hongri Mingsheng"	Changsha Hongri Mingsheng Enterprise Management Partnership (Limited Partnership) (長沙紅日明升企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on June 13, 2018 and is a Controlling Shareholder
"Hongxing Center"	Changsha Hongxing Investment Management Center (長沙紅星投資經營管理中心), a collective-owned entity established in the PRC in June 13, 2011 and is a Controlling Shareholder
"Hongxing Shiye"	Hongxing Shiye Industrial Group Co., Ltd. (紅星實業集團有限公司), a limited liability company established in the PRC on April 9, 1993 and is a Controlling Shareholder
"IFRS"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by International Accounting Standards Board and the International Accounting Standards and interpretations issued by the International Accounting Standards Committee
"Independent Third Party(ies)"	any entity(ies) or person(s) who is not a connected person of our Company within the meaning of the Hong Kong Listing Rules
"Latest Practicable Date"	21 April 2026, being the latest practicable date for the purpose of ascertaining certain information in this annual report prior to its publication
"Listing"	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	13 January 2026, on which our H Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with Growth Enterprise Market of the Hong Kong Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"Prospectus"	the prospectus dated 31 December 2025 issued by the Company in connection with Hong Kong public offering under the Global Offering
"Reporting Period"	the year ended 31 December 2025
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC

"Securities and Futures Ordinance" or "SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of the Share(s)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"U.S. dollars", "US$", or "$"	United States dollars, the lawful currency of the United States
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Unlisted Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
"%"	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiary) have been included in this annual report in both the Chinese and English languages and in the event of any inconsistency, the Chinese version shall prevail.

* *For identification purposes only*